As filed with the Securities and Exchange Commission on October 23, 2001

Registration No. 333-44900

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 4 TO
FORM S-11
REGISTRATION STATEMENT
Under
The Securities Act of 1933

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

6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
(770) 449-7800
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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1201 West Peachtree Street, N.W.
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(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Agent for Service)

Maryland	58-2328421
(State or other Jurisdiction of Incorporation)	(I.R.S. Employer Identification Number)

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

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

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

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

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

[The following is text to a sticker to be attached to the front cover page of the prospectus in a manner that will not obscure the Risk Factors:]

SUPPLEMENTAL INFORMATION - The prospectus of Wells Real Estate Investment

Trust, Inc. consists of this sticker, the prospectus dated December 20, 2000, Supplement No. 1 dated February 5, 2001, Supplement No. 2 dated April 25, 2001, Supplement No. 3 dated July 20, 2001, Supplement No. 4 dated August 10, 2001 and Supplement No. 5 dated October 15, 2001 (the supplements are contained inside the back cover page of the prospectus). Supplement No. 1 includes descriptions of acquisitions of interests in office buildings in Houston, Texas, Minnetonka, Minnesota and Oklahoma City, Oklahoma. Supplement No. 2 includes updated financial statements, prior performance tables and certain other revisions to the prospectus. Supplement No. 3 includes descriptions of acquisitions of interests in office buildings in Nashville, Tennessee and Jacksonville, Florida and certain other revisions to the prospectus. Supplement No. 4 includes descriptions of an acquisition of an office building in Quincy, Massachusetts, the initial transaction under the Section 1031 Exchange Program and certain other revisions to the prospectus. Supplement No. 5 includes a description of acquisitions of office buildings in Houston, Texas, Millington, Tennessee and Cary, North Carolina, an acquisition of a build-to-suit property in Irving, Texas, a fourth quarter dividend declaration and certain other revisions to the prospectus.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 125,000,000 shares offered to the public

Wells Real Estate Investment Trust, Inc. (Wells REIT) is a real estate investment trust. We invest in commercial real estate properties primarily consisting of high grade office buildings which are leased to large corporate tenants. We currently own interests in 26 office buildings located in 15 states.

We are offering and selling to the public up to 125,000,000 shares for $10 per share and up to 10,000,000 shares to be issued pursuant to our dividend reinvestment plan at a purchase price of $10 per share. An additional 5,000,000 shares are being registered which are reserved for issuance at $12 per share to participating broker-dealers upon their exercise of warrants.

You must purchase at least 100 shares for $1,000.

The most significant risks relating to your investment include the following:

- lack of a public trading market for the shares
- reliance on Wells Capital, Inc., our advisor, to select properties and conduct our operations
- authorization of substantial fees to the advisor and its affiliates
- borrowing - which increases the risk of loss of our investments
- conflicts of interest facing the advisor and its affiliates

You should see the complete discussion of the risk factors beginning on page 16.

The Offering:

- The shares will be offered on a best efforts basis to investors at $10 per share.
- We will pay selling commissions to broker-dealers of 7% and a dealer manager fee for reimbursement of marketing expenses of 2.5% out of the offering proceeds raised.
- We will invest approximately 84% of the offering proceeds raised in real estate properties, and the balance will be used to pay fees and expenses.
- The offering will terminate on or before December 19, 2002.

Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities regulator has approved or

disapproved of these securities or determined if this prospectus is truthful or complete. It is a criminal offense if someone tells you otherwise.

The use of projections or forecasts in this offering is prohibited. No one is permitted to make any oral or written predictions about the cash benefits or tax consequences you will receive from your investment.

WELLS INVESTMENT SECURITIES, INC.
December 20, 2000

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Below we have provided some of the more frequently asked questions and answers relating to an offering of this type. Please see the "Prospectus Summary" and the remainder of this prospectus for more detailed information about this offering.

Q: What is a REIT?

A: In general, a REIT is a company that:

- pays dividends to investors of at least 95% of its taxable income each year for years prior to 2001 and 90% of its taxable income for all future years beginning with the year 2001;
- avoids the "double taxation" treatment of income that generally results from investments in a corporation because a REIT is not generally subject to federal corporate income taxes on its net income, provided certain income tax requirements are satisfied;
- combines the capital of many investors to acquire or provide financing for real estate properties; and
- offers the benefit of a diversified real estate portfolio under professional management.

Q: What is Wells Real Estate Investment Trust, Inc.?

A: Our REIT was formed in 1997 as a Maryland corporation to acquire commercial real estate properties such as high grade office buildings and lease them on a triple-net basis to companies that typically have a net worth in excess of $100,000,000.

Q: Who will choose which real estate properties to invest in?

A: Wells Capital, Inc. (Wells Capital) is our advisor and makes recommendations on all property acquisitions to our board of directors. Our board of directors must approve all of our acquisitions.

Q: Who is Wells Capital?

A: Wells Capital is a Georgia corporation formed in 1984. As of September 30, 2000, Wells Capital had sponsored public real estate programs which have raised in excess of $567,927,422 from approximately 32,868 investors and which own and operate a total of 52 commercial real estate properties.

Q: Does Wells Capital use any specific criteria when selecting a potential property acquisition?

A: Yes. Wells Capital generally seeks to acquire office buildings located in densely populated suburban markets leased to large corporations on a triple-net basis. Typically, each of our corporate tenants have a net worth in excess of $100,000,000. Current tenants of public real

estate programs sponsored by Wells Capital include The Coca-Cola Company, Motorola, Fairchild Technologies, Siemens Automotive, PricewaterhouseCoopers, IBM, and Dial Corporation.

Q. Do you currently own any real estate properties?

A. Yes. As of the date of this prospectus, our REIT has acquired and owns interests in 26 real estate properties.

We own the following properties directly:

Tenant	Building Type	Location	Occupancy
Motorola, Inc.	Office Building	Plainfield, New Jersey	100%
Delphi Automotive Systems, Inc.	Office Building	Troy, Michigan	100%
Avnet, Inc.	Office Building	Tempe, Arizona	100%
Motorola, Inc.	Office Building	Tempe, Arizona	100%
ASM Lithography, Inc.	Office and Warehouse Building	Tempe, Arizona	100%
Dial Corporation	Office Building	Scottsdale, Arizona	100%
Metris Direct, Inc.	Office Building	Tulsa, Oklahoma	100%
Cinemark USA, Inc. and The Coca-Cola Company	Office Building	Plano, Texas	100%
Marconi Data Systems, Inc.	Office, Assembly and Manufacturing Building	Wood Dale, Illinois	100%
Alstom Power, Inc.	Office Building	Richmond, Virginia	100%
Matsushita Avionics Systems Corporation	Office Building	Lake Forest, California	100%
Pennsylvania Cellular Telephone Corp.	Office Building	Harrisburg, Pennsylvania	100%
PricewaterhouseCoopers	Office Building	Tampa, Florida	100%

We own interests in the following real estate properties through joint ventures with affiliates:

Tenant	Building Type	Location	Occupancy
Quest Software, Inc.	Office Building	Irvine, California	100%
Siemens Automotive Corporation	Office Building	Troy, Michigan	100%
Gartner Group, Inc.	Office Building	Ft. Myers, Florida	100%
Johnson Matthey, Inc.	Research and Development, Office and Warehouse Building	Tredyffrin Township, Pennsylvania	100%
Sprint Communications Company L.P.	Office Building	Leawood, Kansas	100%
EYBL CarTex, Inc.	Manufacturing and Office Building	Fountain Inn, South Carolina	100%

Tenant	Building Type	Location	Occupancy
Fairchild Technologies U.S.A., Inc.	Manufacturing and Office Building	Fremont, California	100%
Cort Furniture Rental Corporation	Office and Warehouse Building	Fountain Valley, California	100%
Iomega Corporation	Office Building	Ogden City, Utah	100%
ODS Technologies, L.P. and GAIAM, Inc.	Office Building	Broomfield, Colorado	100%
Ohmeda, Inc.	Office Building	Louisville, Colorado	100%
Alstom Power, Inc.	Office Building	Knoxville, Tennessee	100%
Avaya, Inc.	Office Building	Oklahoma City, Oklahoma	100%

If you want to read more detailed information about each of these properties, see the "Description of Properties" section of this prospectus.

Q: Why do you acquire properties in joint ventures?

A: We acquire some of our properties in joint ventures in order to diversify our portfolio of properties in terms of geographic region, property type and industry group of our tenants.

Q: What steps do you take to make sure you purchase environmentally compliant property?

A: We always obtain a Phase I environmental assessment of each property purchased. In addition, we generally obtain a representation from the seller that, to its knowledge, the property is not contaminated with hazardous materials.

Q: What are the terms of your leases?

A: Our leases are "triple-net" leases, generally having terms of seven to ten years, many of which have renewal options for an additional five to ten years. "Triple-net" means that the tenant is responsible for repairs, maintenance, property taxes, utilities, insurance and other operating costs. We often enter into leases where we have responsibility for replacement of specific structural components of a property such as the roof of the building or the parking lot.

Q: How does the Wells REIT own its real estate properties?

A: We own all of our real estate properties through an "UPREIT" called Wells Operating Partnership, L.P. (Wells OP). Wells OP was organized to own, operate and manage real properties on our behalf. The Wells REIT is the sole general partner of Wells OP.

Q: What is an "UPREIT"?

A: UPREIT stands for "Umbrella Partnership Real Estate Investment Trust." We use this structure because a sale of property directly to the REIT is generally a taxable transaction to the selling

property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may transfer the property to the UPREIT in exchange for limited partnership units in the UPREIT and defer taxation of gain until the seller later exchanges his UPREIT units on a one-for-one basis for REIT shares. If the REIT shares are publicly traded, the former property owner will achieve liquidity for his investment. Using an UPREIT structure gives us an advantage in acquiring desired properties from persons who may not otherwise sell their properties because of unfavorable tax results.

Q: If I buy shares, will I receive dividends and how often?

A: We have been making and intend to continue to make dividend distributions on a quarterly basis to our shareholders. The amount of each dividend

distribution is determined by the board of directors and typically depends on the amount of distributable funds, current and projected cash requirements, tax considerations and other factors. However, in order to remain qualified as a REIT, we must make distributions of at least 95% of our REIT taxable income each year for years prior to 2001 and 90% of our REIT taxable income for all future years beginning with the year 2001.

Q: How do you calculate the payment of dividends to shareholders?

A: We calculate our quarterly dividends using daily record and declaration dates so your dividend benefits will begin to accrue immediately upon becoming a shareholder.

Q: What have your dividend payments been since you began operations on June 5, 1998?

A: We have paid the following dividends since we began operations:

Quarter	Amount	Annualized Percentage Return on an Investment of $10 per Share
3/rd/ Qtr. 1998	$0.15 per share	6.00%
4/th/ Qtr. 1998	$0.16 per share	6.50%
1/st/ Qtr. 1999	$0.17 per share	7.00%
2/nd/ Qtr. 1999	$0.17 per share	7.00%
3/rd/ Qtr. 1999	$0.17 per share	7.00%
4/th/ Qtr. 1999	$0.17 per share	7.00%
1/st/ Qtr. 2000	$0.17 per share	7.00%
2/nd/ Qtr. 2000	$0.18 per share	7.25%
3/rd/ Qtr. 2000	$0.19 per share	7.50%
4/th/ Qtr. 2000	$0.19 per share	7.50%

Q: May I reinvest the dividends I am supposed to receive in shares of the Wells REIT?

A: Yes. You may participate in our dividend reinvestment plan by checking the appropriate box on the Subscription Agreement or by filling out an enrollment form we will provide to you at your request. The purchase price for shares purchased under the dividend reinvestment plan is currently $10 per share.

Q: Will the dividends I receive be taxable as ordinary income?

A: Yes and No. Generally, dividends that you receive, including dividends that are reinvested pursuant to our dividend reinvestment plan, will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. We expect that some portion of your dividends will not be subject to tax in the year received due to the fact that depreciation expenses reduce taxable income but do not reduce cash available for distribution. Amounts not subject to tax immediately will reduce the tax basis of your investment. This, in effect, defers a portion of your tax until your investment is sold or the Wells REIT is liquidated, at which time you will be taxed at capital gains rates. However, because each investor's tax considerations are different, we suggest that you consult with your tax advisor. You should also review the section of the prospectus

entitled "Federal Income Tax Considerations."

Q: What will you do with the money raised in this offering?

A: We will use your investment proceeds to purchase commercial real estate such as high grade office buildings. We intend to invest a minimum of 84% of the proceeds from this offering to acquire real estate properties, and the remaining proceeds will be used to pay fees and expenses of this offering and acquisition-related expenses. The payment of these fees and expenses will not reduce your invested capital. Your initial invested capital amount will remain $10 per share, and your dividend yield will be based on your $10 per share investment.

Until we invest the proceeds of this offering in real estate, we may invest in short-term, highly liquid investments. These short-term investments will not earn as high of a return as we expect to earn on our real estate investments, and we cannot guarantee how long it will take to fully invest the proceeds in real estate.

We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares of common stock in our initial public offering, which commenced on January 30, 1998 and was terminated on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in real estate properties. As of December 10, 2000, we had received approximately $169,671,659 in gross offering proceeds from the sale of 16,967,166 shares of common stock in our second offering, which commenced on December 20, 1999 and was terminated on December 19, 2000. Of this additional $169,671,659 raised in the second offering, we invested or expect to invest approximately $142,524,194 in real estate properties.

Q: What kind of offering is this?

A: We are offering the public up to 125,000,000 shares of common stock on a "best efforts" basis.

Q: How does a "best efforts" offering work?

A: When shares are offered to the public on a "best efforts" basis, the brokers participating in the offering are only required to use their best efforts to sell the shares and have no firm commitment or obligation to purchase any of the shares.

Q: How long will this offering last?

A: The offering will not last beyond December 19, 2002.

Q: Who can buy shares?

A: You can buy shares pursuant to this prospectus provided that you have either (1) a net worth of at least $45,000 and an annual gross income of at least $45,000, or (2) a net worth of at least $150,000. For this purpose, net worth does not include your home, home furnishings and personal automobiles. These minimum levels may be higher in certain states, so you should carefully read the more detailed description in the "Suitability Standards" section of this prospectus.

Q: Is there any minimum investment required?

A: Yes. Generally, you must invest at least $1,000. Except in Maine, Minnesota, Nebraska and Washington, investors who already own our shares or who have purchased units from an affiliated Wells public real estate program can make purchases for less than the minimum investment. These minimum investment levels may be higher in certain states, so you should carefully read the more detailed description of the minimum investment requirements appearing later in the "Suitability Standards" section of this prospectus.

Q: How do I subscribe for shares?

A: If you choose to purchase shares in this offering, you will need to fill out a Subscription Agreement, like the one contained in this prospectus as Exhibit A, for a specific number of shares and pay for the shares at the time you subscribe. The purchase price will be placed into an account with Bank of America, N.A., where your funds will be held, along with those of other subscribers, until we withdraw funds for the acquisition of real estate properties or the payment of fees and expenses.

Q: If I buy shares in this offering, how may I later sell them?

A: At the time you purchase the shares, they will not be listed for trading on any national securities exchange or over-the-counter market. In fact, we expect that there will not be any public market for the shares when you purchase them, and we cannot be sure if one will ever develop. As a result, you may find it difficult to find a buyer for your shares and realize a return on your investment. You may sell your shares to any buyer unless such sale would cause the buyer to own more than 9.8% of the outstanding stock. See "Description of Shares -- Restriction on Ownership of Shares."

In addition, after you have held your shares for at least one year, you may be able to have your shares repurchased by the Wells REIT pursuant to our share redemption program. See the "Description of Shares -- Share Redemption Program" section of the prospectus.

If we have not listed the shares on a national securities exchange or over-the-counter market by January 30, 2008, our articles of incorporation require us to begin selling our properties and other assets and return the net proceeds from these sales to our shareholders through distributions.

Q: What is the experience of your officers and directors?

A: Our management team has extensive previous experience investing in and managing commercial real estate. Below is a short description of the background of each of our directors. See the "Management -- Executive Officers and Directors" section on page 31 of this prospectus for a more detailed description of the background and experience of each of our directors.

- Leo F. Wells, III - President of the Wells REIT and founder of Wells Real Estate Funds in 1985 and has been involved in real estate sales, management and brokerage services for over 27 years;

- Douglas P. Williams - Executive Vice President, Secretary and Treasurer of the Wells REIT and former accounting executive at OneSource, Inc., a supplier of janitorial and landscape services;

- John L. Bell - Former owner and Chairman of Bell-Mann, Inc., the largest flooring contractor in the Southeast;

- Richard W. Carpenter - President and a director of Realmark Holdings Corp., a residential and commercial real estate developer;

- Bud Carter - Former broadcast news director and anchorman and current Senior Vice President for The Executive Committee, an organization established to aid corporate presidents and CEOs;

- William H. Keogler, Jr. - Founder and former executive officer and director of Keogler, Morgan & Company, Inc., a full service brokerage firm;

- Donald S. Moss - Former executive officer of Avon Products, Inc.;

- Walter W. Sessoms - Former executive officer of BellSouth Telecommunications, Inc.; and

- Neil H. Strickland - Founder of Strickland General Agency, Inc., a property and casualty general insurance agency concentrating on commercial customers.

Q: Will I be notified of how my investment is doing?

A: You will receive periodic updates on the performance of your investment with us, including:

- Four detailed quarterly dividend reports;

- Three quarterly financial reports;

- An annual report; and

- An annual IRS Form 1099.

Q: When will I get my detailed tax information?

A: Your Form 1099 tax information will be placed in the mail by January 31 of each year.

Q: Who can help answer my questions?

A: If you have more questions about the offering or if you would like additional copies of this prospectus, you should contact your registered representative or contact:

Investor Services Department
Wells Capital, Inc.
Suite 250
6200 The Corners Parkway
Norcross, Georgia 30092
(800) 448-1010 or (770) 449-7800
www.wellsref.com

Prospectus Summary

This prospectus summary highlights selected information contained elsewhere in this prospectus. It is not complete and does not contain all of the information that is important to your decision whether to invest in the Wells REIT. To understand this offering fully, you should read the entire

prospectus carefully, including the "Risk Factors" section and the financial statements.

Wells Real Estate Investment Trust, Inc.

Wells Real Estate Investment Trust, Inc. is a REIT that owns net leased commercial real estate properties. We currently own interests in 26 commercial real estate properties located in 15 states. Our office is located at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092. Our telephone number outside the State of Georgia is 800-448-1010 (770-449-7800 in Georgia). We refer to Wells Real Estate Investment Trust, Inc. as the Wells REIT in this prospectus.

Our Advisor

Our advisor is Wells Capital, Inc., which is responsible for managing our affairs on a day-to-day basis and for identifying and making acquisitions on our behalf. We refer to Wells Capital, Inc. as Wells Capital in this prospectus.

Our Management

Our board of directors must approve each real property acquisition proposed by Wells Capital, as well as certain other matters set forth in our articles of incorporation. We have nine members on our board of directors. Seven of the directors are independent of Wells Capital and have responsibility for reviewing its performance. Our directors are elected annually by the shareholders.

Our REIT Status

As a REIT, we generally are not subject to federal income tax on income that we distribute to our shareholders. Under the Internal Revenue Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute at least 95% of their taxable income for years prior to 2001 and at least 90% of their taxable income for all future years beginning with the year 2001. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify. Even if we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and property and to federal income and excise taxes on our undistributed income.

Summary Risk Factors

Following are the most significant risks relating to your investment:

- There is no public trading market for the shares, and we cannot assure you that one will ever develop. Until the shares are publicly traded, you will have a difficult time trying to sell your shares.

- You must rely on Wells Capital, our advisor, for the day-to-day management of our business and the selection of our real estate properties.

- To ensure that we continue to qualify as a REIT, our articles of incorporation prohibit any shareholder from owning more than 9.8% of our outstanding shares.

- We may not remain qualified as a REIT for federal income tax purposes, which would subject us to the payment of tax on our income at corporate rates and reduce the amount of funds available for payment of dividends to our shareholders.

- You will not have preemptive rights as a shareholder so any shares we issue in the future may dilute your interest in the

Wells REIT.

- We will pay significant fees to Wells Capital and its affiliates.
- Real estate investments are subject to cyclical trends which are out of our control.
- You will not have an opportunity to evaluate all of the properties that will be in our portfolio prior to investing.
- Loans we obtain will be secured by some of our properties, which will put those properties at risk of forfeiture if we are unable to pay our debts.
- Our investment in vacant land to be developed may create risks relating to the builder's ability to control construction costs, failure to perform or failure to build in conformity with plans, specifications and timetables.
- The vote of shareholders owning at least a majority of the shares will bind all of the shareholders as to certain matters such as the election of directors and amendment of our articles of incorporation.
- If we do not obtain listing of the shares on a national exchange by January 30, 2008, our articles of incorporation provide that we must begin to sell all of our properties and distribute the net proceeds to our shareholders.
- Our advisor will face various conflicts of interest resulting from its activities with affiliated entities.

Before you invest in the Wells REIT, you should see the complete discussion of the "Risk Factors" beginning on page 16 of this prospectus.

Description of Properties

Please refer to the "Description of Properties" section of this prospectus for a description of the real estate properties we have purchased to date and the various real estate loans we have outstanding. Wells Capital is currently evaluating additional potential property acquisitions. When we either acquire a property or believe that there is a reasonable probability that we will acquire a particular property, we will provide a supplement to this prospectus to describe the property. You should not assume that we will actually acquire any property that we describe in a supplement as a reasonable probability acquisition because one or more contingencies to the purchase may prevent the acquisition.

Estimated Use of Proceeds of Offering

We anticipate that we will invest at least 84% of the proceeds of this offering in real estate properties. We will use the remainder of the offering proceeds to pay selling commissions, fees and expenses relating to the selection and acquisition of properties and the costs of the offering.

Investment Objectives

Our investment objectives are:

- to maximize cash dividends paid to you;
- to preserve, protect and return your capital contribution;
- to realize growth in the value of our properties upon our ultimate sale of such properties; and
- to provide you with liquidity of your investment by listing the shares on a national exchange or, if we do not obtain listing of the shares

by January 30, 2008, by selling our properties and distributing the cash to you.

We may only change these investment objectives upon a majority vote of the shareholders. See the "Investment Objectives and Criteria" section of this prospectus for a more complete description of our business and objectives.

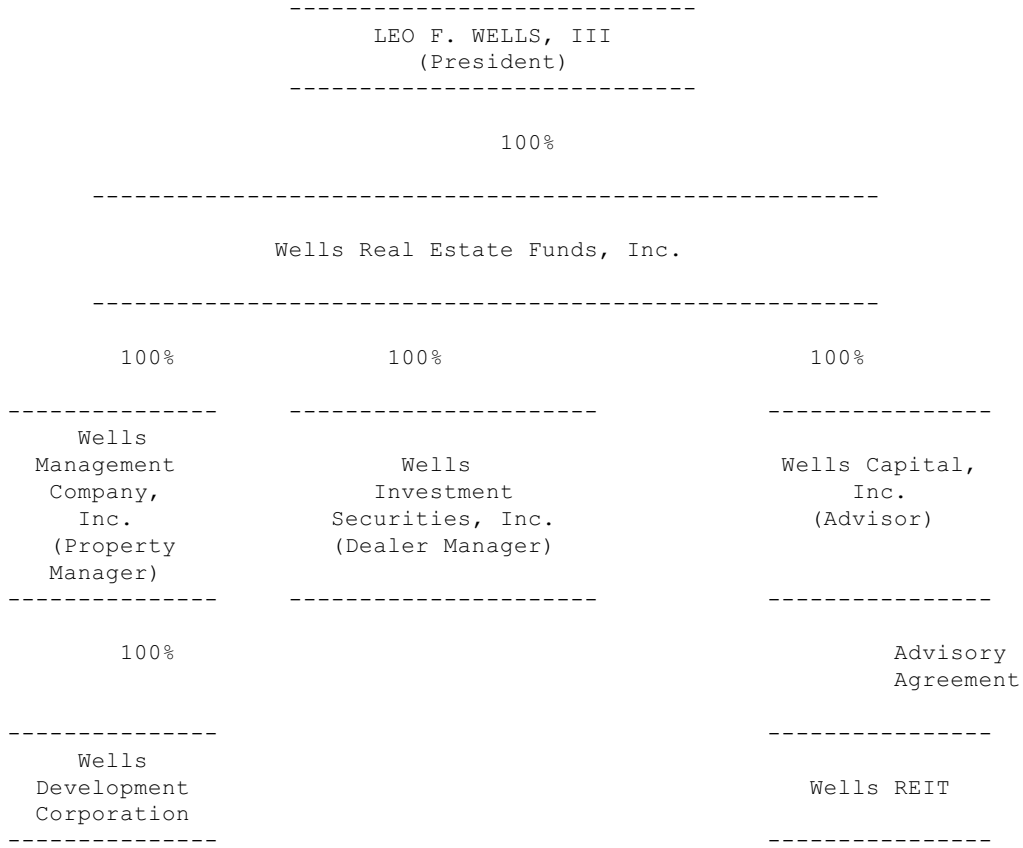
Conflicts of Interest

Wells Capital, as our advisor, will experience conflicts of interest in connection with the management of our business affairs, including the following:

- Wells Capital will have to allocate its time between the Wells REIT and other real estate programs and activities in which it is involved;
- Wells Capital must determine which Wells program or other entity should enter into a joint venture with the Wells REIT for the acquisition and operation of specific properties;
- Wells Capital may compete with other Wells programs for the same tenants in negotiating leases or in selling similar properties at the same time; and
- Wells Capital and its affiliates will receive fees in connection with transactions involving the purchase, management and sale of our properties regardless of the quality of the property acquired or the services provided to us.

See the "Conflicts of Interest" section of this prospectus on page 51 for a detailed discussion of the various conflicts of interest relating to your investment, as well as the procedures that we have established to resolve a number of these potential conflicts.

The following chart shows the ownership structure of the various Wells entities that are affiliated with Wells Capital.



Prior Offering Summary

Wells Capital and its affiliates have previously sponsored 13 publicly offered real estate limited partnerships and the Wells REIT on an unspecified property or "blind pool" basis. As of September 30, 2000, they have raised approximately $567,927,422 from approximately 36,868 investors in these 14 public real estate programs. The "Prior Performance Summary" on page 114 of this prospectus contains a discussion of the Wells programs sponsored to date. Certain statistical data relating to the Wells programs with investment objectives similar to ours is also provided in the "Prior Performance Tables" included at the end of this prospectus.

The Offering

We are offering up to 125,000,000 shares to the public at $10 per share. We are also offering up to 10,000,000 shares pursuant to our dividend reinvestment plan at $10 per share, and up to 5,000,000 shares to broker-dealers pursuant to warrants whereby participating broker-dealers will have the right to purchase one share for every 25 shares they sell in this offering. The exercise price for shares purchased pursuant to the warrants is $12 per share.

Terms of the Offering

We will begin selling shares in this offering upon the effective date of this prospectus, and this offering will terminate on or before December 19, 2002. However, we may terminate this offering at any time prior to such termination date. We will hold your investment proceeds in our account until we withdraw funds for the acquisition of real estate properties or the payment of fees and expenses. We generally admit shareholders to the Wells REIT on a daily basis.

Compensation to Wells Capital

Wells Capital and its affiliates will receive compensation and fees for services relating to this offering and the investment and management of our assets. The most significant items of compensation are included in the following table:

Type of Compensation	Form of Compensation	Estimated $$ Amount for Maximum Offering (135,000,000 shares)
	Offering Stage	
Sales Commissions	7.0% of gross offering proceeds	$94,500,000
Dealer Manager Fee	2.5% of gross offering proceeds	$33,750,000
Offering Expenses	3.0% of gross offering proceeds	$18,600,000
	Acquisition and Development Stage	
Acquisition and Advisory Fees	3.0% of gross offering proceeds	$40,500,000
Acquisition Expenses	0.5% of gross offering proceeds	$ 6,750,000
	Operational Stage	
Property Management and Leasing Fees	4.5% of gross revenues	N/A
Initial Lease-Up Fee for Newly Constructed Property	Competitive fee for geographic location of property based on a survey of brokers and agents (customarily equal to the first month's rent)	N/A

Real Estate Commission	3.0% of contract price for properties sold after investors receive a return of capital plus an 8.0% return on capital	N/A
Subordinated Participation in Net Sale Proceeds (Payable Only if the Wells REIT is not Listed on an exchange)	10.0% of remaining amounts of net sale proceeds after return of capital plus payment to investors of an 8.0% cumulative non-compounded return on the capital contributed by investors	N/A
Subordinated Incentive Listing Fee (Payable only if the Wells REIT is listed on an exchange)	10.0% of the amount by which the adjusted market value of the Wells REIT exceeds the aggregate capital contributions contributed by investors	N/A

There are many additional conditions and restrictions on the amount of compensation Wells Capital and its affiliates may receive. There are also some smaller items of compensation and expense reimbursements that Wells Capital may receive. For a more detailed explanation of these fees and expenses payable to Wells Capital and its affiliates, please see the "Management Compensation" section of this prospectus on page 46.

Dividend Policy

In order to remain qualified as a REIT, we are required to distribute 95% of our annual taxable income to our shareholders in all years prior to 2001 and 90% of our annual taxable income for all future years beginning with the year 2001. We have paid dividends to our shareholders at least quarterly since the first quarter after we commenced operations on June 5, 1998. We calculate our quarterly dividends based upon daily record and dividend declaration dates so investors will be entitled to dividends immediately upon purchasing shares. We expect to pay dividends to you on a quarterly basis.

Listing

We anticipate listing our shares on a national securities exchange on or before January 30, 2008. In the event we do not obtain listing prior to that date, our articles of incorporation require us to begin the sale of our properties and liquidation of our assets.

Dividend Reinvestment Plan

You may participate in our dividend reinvestment plan pursuant to which you may have the dividends you receive reinvested in shares of the Wells REIT. If you participate, you will be taxed on your share of our taxable income even though you will not receive the cash from your dividends. As a result, you may have a tax liability without receiving cash dividends to pay such liability. We may terminate the dividend reinvestment plan in our discretion at any time upon 10 days notice to you. (See "Description of Shares -- Dividend Reinvestment Plan.")

Share Redemption Program

We may use proceeds received from the sale of shares pursuant to our dividend reinvestment plan to redeem your shares. After you have held your shares for a minimum of one year, our share redemption program provides an opportunity for you to redeem your shares, subject to certain restrictions and limitations, for the lesser of (1) $10 per share, or (2) the price you actually paid for your shares. The board of directors reserves the right to reject any request for redemption of shares or to amend or terminate the share redemption program at any time. You will have no right to request redemption of your shares after the shares are listed on a national exchange. (See "Description of Shares -- Share Redemption Program.")

Wells Operating Partnership, L.P.

We own all of our real estate properties through Wells Operating Partnership, L.P. (Wells OP), our operating partnership. We are the sole general partner of Wells OP. Wells Capital is currently the only limited partner based on its initial contribution of $200,000. Our ownership of properties in Wells OP is referred to as an "UPREIT." The UPREIT structure allows us to acquire real estate properties in exchange for limited partnership units in Wells OP. This structure will also allow sellers of properties to transfer their properties to Wells OP in exchange for units of Wells OP and defer gain recognition for tax purposes with respect to such transfers of properties. At present, we have no plans to acquire any specific

properties in exchange for units of Wells OP. The holders of units in Wells OP may have their units redeemed for cash under certain circumstances. (See "The Operating Partnership Agreement.")

ERISA Considerations

The section of this prospectus entitled "ERISA Considerations" describes the effect the purchase of shares will have on individual retirement accounts (IRAs) and retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), and/or the Internal Revenue Code. ERISA is a federal law that regulates the operation of certain tax-advantaged retirement plans. Any retirement plan trustee or individual considering purchasing shares for a retirement plan or an IRA should read this section of the prospectus very carefully.

Description of Shares

General

Your investment will be recorded on our books only. We will not issue stock certificates. If you wish to transfer your shares, you will be required to send an executed transfer form to us. We will provide the required form to you upon request.

Shareholder Voting Rights and Limitations

We hold annual meetings of our shareholders for the purpose of electing our directors or conducting other business matters that may be presented at such meetings. We may also call a special meeting of shareholders from time to time for the purpose of conducting certain matters. You are entitled to one vote for each share you own at any of these meetings.

Restriction on Share Ownership

Our articles of incorporation contain a restriction on ownership of the shares that prevents one person from owning more than 9.8% of the outstanding shares. (See "Description of Shares -- Restriction on Ownership of Shares.") These restrictions are designed to enable us to comply with share accumulation restrictions imposed on REITs by the Internal Revenue Code.

For a more complete description of the shares, including restrictions on the ownership of shares, please see the "Description of Shares" section of this prospectus on page 142.

Risk Factors

Your purchase of shares involves a number of risks. In addition to other risks discussed in this prospectus, you should specifically consider the following:

Investment Risks

Marketability Risk

There is no public trading market for your shares.

There is no current public market for the shares and, therefore, it will be difficult for you to sell your shares promptly. In addition, the price received for any shares sold is likely to be less than the proportionate value of the real estate we own. Therefore, you should purchase the shares only as a long-term investment. See "Description of Shares - Share Redemption Program" for a description of our share redemption program.

Management Risks

You must rely on Wells Capital for selection of properties.

Our ability to achieve our investment objectives and to pay dividends is dependent upon the performance of Wells Capital, our advisor, in the acquisition of real estate properties, the selection of tenants and the determination of any financing arrangements. Except for the investments described in this prospectus, you will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the management ability of Wells Capital and the oversight of the board of directors.

We depend on key personnel.

Our success depends to a significant degree upon the continued contributions of certain key personnel, including Leo F. Wells, III, Douglas P. Williams, M. Scott Meadows, Michael C. Berndt and Allen G. Delenick, each of whom would be difficult to replace. If any of our key personnel were to cease employment with us, our operating results could suffer. We also believe that our future success depends, in large part, upon our ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such skilled personnel.

Conflicts of Interest Risks

Wells Capital will face conflicts of interest relating to time management.

Wells Capital and its affiliates are general partners and sponsors of other real estate programs having investment objectives and legal and financial obligations similar to the Wells REIT. Because Wells Capital and its affiliates have interests in other real estate programs and also engage in other business activities, they may have conflicts of interest in allocating their time between our business and these other activities. During times of intense activity in other programs and ventures, they may devote less time and resources to our business than is necessary or appropriate. (See "Conflicts of Interest.")

Wells Capital will face conflicts of interest relating to the purchase and leasing of properties.

We may be buying properties at the same time as one or more of the other Wells programs are buying properties. There is a risk that Wells Capital will choose a property that provides lower returns to us than a property purchased by another Wells program. We may acquire properties in geographic areas where other Wells programs own properties. If one of the Wells programs attracts a tenant that we are competing for, we could suffer a loss of revenue due to delays in locating another suitable tenant. (See "Conflicts of Interest.")

Wells Capital will face conflicts of interest relating to joint ventures with affiliates.

We have entered into joint ventures in the past and are likely to

continue in the future to enter into joint ventures with other Wells programs for the acquisition, development or improvement of properties, including Wells Real Estate Fund XII, L.P. (Wells Fund XII) or Wells Real Estate Fund XIII, L.P. (Wells Fund XIII). We may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present with an investment in real estate, including, for example:

- the possibility that our co-venturer, co-tenant or partner in an investment might become bankrupt;

- that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals; or

- that such co-venturer, co-tenant or partner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives.

Actions by such a co-venturer, co-tenant or partner might have the result of subjecting the property to liabilities in excess of those contemplated and may have the effect of reducing your returns.

Affiliates of Wells Capital are currently sponsoring a public offering on behalf of Wells Fund XII and are currently in the process of registering a public offering on behalf of Wells Fund XIII, both of which are or will be unspecified property real estate programs. (See "Prior Performance Summary.") In the event that we enter into a joint venture with Wells Fund XII, Wells Fund XIII or any other Wells program or joint venture, we may face certain additional risks and potential conflicts of interest. For example, Wells Fund XII, Wells Fund XIII and the other Wells public limited partnerships will never have an active trading market. Therefore, if we become listed on a national exchange, we may no longer have similar goals and objectives with respect to the resale of properties in the future. In addition, in the event that the Wells REIT is not listed on a securities exchange by January 30, 2008, our organizational documents provide for an orderly liquidation of our assets. In the event of such liquidation, any joint venture between the Wells REIT and another Wells program may be required to sell its properties at such time. The Wells program we have entered into a joint venture with may not desire to sell the properties at that time. Although the terms of any joint venture agreement between the Wells REIT and another Wells program would grant the other Wells program a right of first refusal to buy such properties, it is unlikely that they would have sufficient funds to exercise the right of first refusal under these circumstances.

Under certain joint venture arrangements, neither co-venturer may have the power to control the venture, and an impasse could be reached regarding matters pertaining to the joint venture, which might have a negative influence on the joint venture and decrease potential returns to you. In the event that a

co-venturer has a right of first refusal to buy out the other co-venturer, it may be unable to finance such buy-out at that time. It may also be difficult for us to sell our interest in any such joint venture or partnership or as a co-tenant in property. In addition, to the extent that our co-venturer, partner or co-tenant is an affiliate of Wells Capital, certain conflicts of interest will exist. (See "Conflicts of Interest -- Joint Ventures with Affiliates of Wells Capital.")

General Investment Risks

Maryland Corporation Law may prevent a business combination involving the Wells REIT.

Provisions of Maryland Corporation Law applicable to us prohibit business combinations with:

- any person who beneficially owns 10% or more of the voting power of our outstanding shares;

- any of our affiliates who, at any time within the two year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our outstanding shares (interested shareholder); or

- an affiliate of an interested shareholder.

These prohibitions last for five years after the most recent date on which the interested shareholder became an interested shareholder. Thereafter, any business combination must be recommended by our board of directors and approved by the affirmative vote of at least 80% of the votes entitled to be cast by holders of our outstanding shares and two-thirds of the votes entitled to be cast by holders of our shares other than shares held by the interested shareholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in your best interest. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our board of directors prior to the time that someone becomes an interested shareholder. (See "Description of Shares -- Business Combinations.")

A limit on the number of shares a person may own may discourage a takeover.

Our articles of incorporation restrict ownership by one person to no more than 9.8% of the outstanding shares. This restriction may discourage a change of control of the Wells REIT and may deter individuals or entities from making tender offers for shares, which offers might be financially attractive to shareholders or which may cause a change in the management of the Wells REIT. (See "Description of Shares -- Restriction on Ownership of Shares.")

You are bound by the majority vote on matters on which you are entitled to vote.

You may vote on certain matters at any annual or special meeting of shareholders, including the election of directors. However, you will be bound by the majority vote on matters requiring approval of a majority of the shareholders even if you do not vote with the majority on any such matter.

You are limited in your ability to sell your shares pursuant to the share redemption program.

Even though our share redemption program provides you with the opportunity to redeem your shares for $10 per share (or the price you paid for the shares, if lower than $10) after you have held them for a period of one year, you should be fully aware that our share redemption program contains certain restrictions and limitations. Shares will be redeemed on a first-come, first-served basis and will be

limited to the lesser of (1) during any calendar year, three percent (3%) of the weighted average number of shares outstanding during the prior calendar year, or (2) the proceeds we receive from the sale of shares under our dividend reinvestment plan such that 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. In addition, the board of directors reserves the right to reject any request for redemption or to amend or terminate the share redemption program at any time. Therefore, in making a decision to purchase shares of the Wells REIT, you should not assume that you will be able to sell any of your shares back to us pursuant to our share redemption program. (See "Description of Shares - Share Redemption Program.")

We established the offering price on an arbitrary basis.

Our board of directors has arbitrarily determined the selling price of the shares and such price bears no relationship to any established criteria for valuing issued or outstanding shares.

Your interest in the Wells REIT may be diluted if we issue additional shares.

Existing shareholders and potential investors in this offering do not have preemptive rights to any shares issued by the Wells REIT in the future. Therefore, in the event that we (1) sell shares in this offering or sell additional shares in the future, including those issued pursuant to the dividend reinvestment plan, (2) sell securities that are convertible into shares, (3) issue shares in a private offering of securities to institutional investors, (4) issue shares of common stock upon the exercise of the options granted to our independent directors or employees of Wells Capital and Wells Management or the warrants issued and to be issued to participating broker-dealers or our independent directors, or (5) issue shares to sellers of properties acquired by us in connection with an exchange of limited partnership units from Wells OP, existing shareholders and investors purchasing shares in this offering may experience dilution of their equity investment in the Wells REIT.

Payment of fees to Wells Capital and its affiliates will reduce cash available for investment and distribution.

Wells Capital and its affiliates will perform services for us in connection with the offer and sale of the shares, the selection and acquisition of our properties, and the management and leasing of our properties. They will be paid substantial fees for these services, which will reduce the amount of cash available for investment in properties or distribution to shareholders. (See "Management Compensation.")

The availability and timing of cash dividends is uncertain.

We bear all expenses incurred in our operations, which are deducted from cash funds generated by operations prior to computing the amount of cash dividends to be distributed to the shareholders. In addition, our board of directors, in its discretion, may retain any portion of such funds for working capital. We cannot assure you that sufficient cash will be available to pay dividends to you.

We are uncertain of our sources for funding of future capital needs.

Substantially all of the gross proceeds of the offering will be used for investment in properties and for payment of various fees and expenses. (See "Estimated Use of Proceeds.") In addition, we do not anticipate that we will maintain any permanent working capital reserves. Accordingly, in the event that we develop a need for additional capital in the future for the improvement of our properties or for any

other reason, we have not identified any sources for such funding, and we cannot assure you that such sources of funding will be available to us for potential capital needs in the future.

Real Estate Risks

General Real Estate RisksReal Estate Risks

Your investment will be affected by adverse economic and regulatory changes.

We will be subject to risks generally incident to the ownership of real estate, including:

- changes in general economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;
- changes in interest rates and availability of permanent mortgage funds which may render the sale of a property difficult or unattractive;

. changes in tax, real estate, environmental and zoning laws; and

. periods of high interest rates and tight money supply.

For these and other reasons, we cannot assure you that we will be profitable or that we will realize growth in the value of our real estate properties.

A property that incurs a vacancy could be difficult to sell or re-lease.

A property may incur a vacancy either by the continued default of a tenant under its lease or the expiration of one of our leases. Most of our properties are specifically suited to the particular needs of our tenants. Therefore, we may have difficulty obtaining a new tenant for any vacant space we have in our properties. If the vacancy continues for a long period of time, we may suffer reduced revenues resulting in less cash dividends to be distributed to shareholders. In addition, the resale value of the property could be diminished because the market value of a particular property will depend principally upon the value of the leases of such property.

We are dependent on tenants for our revenue.

Most of our properties are occupied by a single tenant and, therefore, the success of our investments are materially dependant on the financial stability of our tenants. Lease payment defaults by tenants could cause us to reduce the amount of distributions to shareholders. A default of a tenant on its lease payments to us would cause us to lose the revenue from the property and cause us to have to find an alternative source of revenue to meet the mortgage payment and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-letting our property. If a lease is terminated, we cannot assure you that we will be able to lease the property for the rent previously received or sell the property without incurring a loss.

We rely on certain tenants.

Motorola, Inc and Marconi Data Systems, Inc. are two of the major tenants in properties which we currently own. In the aggregate, rental income from these two tenants represents approximately 27.9% of our total gross rental revenues. Rental income from Motorola, Inc. represents approximately

18.0% of our gross rental revenues and rental income from Marconi Data Systems, Inc. represents approximately 9.9% of our gross rental revenues. The revenues generated by the properties these two tenants occupy are substantially reliant upon the financial condition of these tenants and, accordingly, any event of bankruptcy, insolvency or a general downturn in the business of either of these tenants may result in the failure or delay of such tenant's rental payments which may have a substantial adverse effect on our financial performance. (See "Description of Properties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations.")

We may not have funding for future tenant improvements.

When a tenant at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract one or more new tenants, we will be required to expend substantial funds for tenant improvements and tenant refurbishments to the vacated space. Substantially all of our net offering proceeds will be invested in real estate properties, and we do not anticipate that we will maintain permanent working capital reserves. We also have no identified funding source to provide funds which may be required in the future for tenant improvements and tenant refurbishments in order to attract new tenants. We cannot assure you that we will have any sources of funding available to us for such purposes in the future.

Uninsured losses relating to real property may adversely affect your returns.

Wells Capital will attempt to ensure that all of our properties are adequately insured to cover casualty losses. However, in the event that any of our properties incurs a casualty loss which is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, we have no source of funding to repair or reconstruct the damaged property, and we cannot assure you that any such sources of funding will be available to us for such purposes in the future.

Development and construction of properties may result in delays and increased costs and risks.

We may invest some or all of the proceeds available for investment in the acquisition and development of properties upon which we will develop and construct improvements at a fixed contract price. We will be subject to risks relating to the builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. The builder's failure to perform may necessitate legal action by us to rescind the purchase or the construction contract or to compel performance. Performance may also be affected or delayed by conditions beyond the builder's control. Delays in completion of construction could also give tenants the right to terminate preconstruction leases for space at a newly developed project. We may incur additional risks when we make periodic progress payments or other advances to such builders prior to completion of construction. Factors such as those discussed above can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. Furthermore, we must rely upon projections of rental income and expenses and estimates of the fair market value of property upon completion of construction when agreeing upon a price to be paid for the property at the time of acquisition of the property. If our projections are inaccurate, we may pay too much for a property.

If we contract with Wells Development Corporation for newly developed property, we cannot guarantee that our earnest money deposit made to Wells Development Corporation will be fully refunded.

We may enter into one or more contracts, either directly or indirectly through joint ventures with affiliates, to acquire real property from Wells Development Corporation (Wells Development), an affiliate

of Wells Capital. Properties acquired from Wells Development may be either existing income-producing properties or properties to be developed or under development. We anticipate that we will be obligated to pay a substantial earnest money deposit at the time of contracting to acquire such properties. In the case of properties to be developed by Wells Development, we anticipate we will be required to close the purchase of the property upon completion of the development of the property by Wells Development and the tenant taking possession of the property. At the time of contracting and the payment of the earnest money deposit by us, Wells Development typically will not have acquired title to any real property. Wells Development will only have a contract to acquire land, a development agreement to develop a building on the land and an agreement with a tenant to lease the property upon its completion. We may enter into such a contract with Wells Development even if at the time of contracting we have not yet raised sufficient proceeds in our offering to enable us to close the purchase of such property. However, we will not be required to close a purchase from Wells Development, and will be entitled to a refund of our earnest money, in the following circumstances:

- Wells Development fails to develop the property;
- the tenant fails to take possession under its lease for any reason; or
- we are unable to raise sufficient proceeds from our offering to pay the purchase price at closing.

The obligation of Wells Development to refund our earnest money is unsecured, and it is unlikely that we would be able to obtain a refund of such

earnest money deposit from it under these circumstances since Wells Development is an entity without substantial assets or operations. Although Wells Development's obligation to refund the earnest money deposit to us under these circumstances will be guaranteed by Wells Management Company, Inc., an affiliated entity (Wells Management), Wells Management has no substantial assets other than contracts for property management and leasing services pursuant to which it receives substantial monthly fees. Therefore, we cannot assure you that Wells Management would be able to refund all of our earnest money deposit in a lump sum. If we were forced to collect our earnest money deposit by enforcing the guaranty of Wells Management, we will likely be required to accept installment payments over time payable out of the revenues of Wells Management's property management and leasing operations. We cannot assure you that we would be able to collect the entire amount of our earnest money deposit under such circumstances. (See "Investment Objectives and Criteria -- Acquisition of Properties from Wells Development Corporation.")

Competition for investments may increase costs and reduce returns.

We will experience competition for real property investments from individuals, corporations and bank and insurance company investment accounts, as well as other real estate investment trusts, real estate limited partnerships, and other entities engaged in real estate investment activities. Competition for investments may have the effect of increasing costs and reducing your returns.

Delays in acquisitions of properties may have adverse effects on your investment.

Delays we encounter in the selection, acquisition and development of properties could adversely affect your returns. Where properties are acquired prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and rent available space. Therefore, you could suffer delays in the distribution of cash dividends attributable to those particular properties.

Uncertain market conditions and the broad discretion of Wells Capital relating to the future disposition of properties could adversely affect the return on your investment.

We generally will hold the various real properties in which we invest until such time as Wells Capital determines that a sale or other disposition appears to be advantageous to achieve our investment objectives or until it appears that such objectives will not be met. Otherwise, Wells Capital, subject to approval of the board, may exercise its discretion as to whether and when to sell a property, and we will have no obligation to sell properties at any particular time, except upon a liquidation of the Wells REIT if we do not list the shares by January 30, 2008. We cannot predict with any certainty the various market conditions affecting real estate investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of our properties, we cannot assure you that we will be able to sell our properties at a profit in the future. Accordingly, the extent to which you will receive cash distributions and realize potential appreciation on our real estate investments will be dependent upon fluctuating market conditions.

Discovery of previously undetected environmentally hazardous conditions may adversely affect our operating results.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of our properties, we may be potentially liable for such costs.

The cost of defending against claims of liability, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect the business, assets or results of operations of the Wells REIT and, consequently, amounts available for distribution to you.

Financing Risks

If we fail to make our debt payments, we could lose our investment in a property.

Loans obtained to fund property acquisitions will generally be secured by first priority mortgages on some of our properties. If we are unable to make our debt payments as required, a lender could foreclose on the property or properties securing its debt. This could cause us to lose part or all of our investment which in turn could cause the value of the shares and the dividends payable to shareholders to be reduced. (See "Description of Properties -- Real Estate Loans.")

Lenders may require us to enter into restrictive covenants relating to our operations.

In connection with obtaining certain financing, a lender could impose restrictions on us which affect our ability to incur additional debt and our distribution and operating policies. Loan documents we enter into may contain customary negative covenants which may limit our ability to further mortgage the property, to discontinue insurance coverage, replace Wells Capital as our advisor or impose other limitations.

If we enter into financing arrangements involving balloon payment obligations, it may adversely affect our ability to pay dividends.

Some of our financing arrangements may require us to make a lump-sum or "balloon" payment at maturity. We may finance more properties in this manner. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to shareholders and the projected time of disposition of our assets. In addition, payments of principal and interest made to service our debts may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT.

Federal Income Tax Risks

Failure to qualify as a REIT could adversely affect our operations and our ability to make distributions.

If we fail to qualify as a REIT for any taxable year, we will be subject to federal income tax on our taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to shareholders because of the additional tax liability. In addition, distributions to shareholders would no longer qualify for the distributions paid deduction and we would no longer be required to make distributions. We might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

Qualification as a REIT is subject to the satisfaction of tax requirements and various factual matters and circumstances which are not entirely within our control. New legislation, regulations, administrative interpretations or court decisions could change the tax laws with respect to qualification as a REIT or the federal income tax consequences of being a REIT.

Legislative or regulatory action could adversely affect investors.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of the federal income tax laws applicable to investments similar to an investment in shares of the Wells REIT. Additional changes to tax laws are likely to continue to occur in the future, and we cannot assure you that any such changes will not adversely affect the taxation of a shareholder. Any such changes could have an adverse effect on an investment in shares or on the market value or the resale potential of our properties. You are urged to consult with your own tax advisor with respect to the impact of recent legislation on your investment in shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares.

Retirement Plan Risks

There are special considerations that apply to pension or profit sharing trusts or IRAs investing in shares.

If you are investing the assets of a pension, profit sharing, 401(k), Keogh or other qualified retirement plan or the assets of an IRA in the Wells REIT, you should satisfy yourself that:

- your investment is consistent with your fiduciary obligations under ERISA and the Internal Revenue Code;

- your investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan's investment policy;
- your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA;
- your investment will not impair the liquidity of the plan or IRA;
- your investment will not produce "unrelated business taxable income" for the plan or IRA;
- you will be able to value the assets of the plan annually in accordance with ERISA requirements; and
- your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

For a more complete discussion of the foregoing issues and other risks associated with an investment in shares by retirement plans, please see the "ERISA Considerations" section of this prospectus on page 139.

Suitability Standards

The shares we are offering are suitable only as a long-term investment for persons of adequate financial means. Initially, we do not expect to have a public market for the shares, which means that it may be difficult for you to sell your shares. You should not buy these shares if you need to sell them immediately or will need to sell them quickly in the future.

In consideration of these factors, we have established suitability standards for initial shareholders and subsequent transferees. These suitability standards require that a purchaser of shares have either:

- a net worth of at least $150,000; or
- a gross annual income of at least $45,000 and a net worth, excluding the value of a purchaser's home, furnishings and automobiles of at least $45,000.

The minimum purchase is 100 shares ($1,000), except in certain states as described below. You may not transfer less shares than the minimum purchase requirement. In addition, you may not transfer, fractionalize or subdivide your

shares so as to retain less than the number of shares required for the minimum purchase. In order to satisfy the minimum purchase requirements for retirement plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate IRAs, provided that each such contribution is made in increments of $100. You should note that an investment in shares of the Wells REIT will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Internal Revenue Code.

The minimum purchase for Maine, New York and North Carolina residents is 250 shares ($2,500), except for IRAs which must purchase a minimum of 100 shares ($1,000). The minimum purchase for Minnesota residents is 250 shares ($2,500), except for IRAs and other qualified retirement plans which must purchase a minimum of 200 shares ($2,000).

Except in the states of Maine, Minnesota, Nebraska and Washington, if you have satisfied the minimum purchase requirements and have purchased units in other Wells programs or units or shares in

other public real estate programs, you may purchase less than the minimum number of shares set forth above, but in no event less than 2.5 shares ($25). After you have purchased the minimum investment, any additional purchase must be in increments of at least 2.5 shares ($25), except for (1) purchases made by residents of Maine and Minnesota, who must still meet the minimum investment requirements set forth above, and (2) purchases of shares pursuant to the dividend reinvestment plan of the Wells REIT or reinvestment plans of other public real estate programs, which may be in lesser amounts.

Several states have established suitability standards different from those we have established. Shares will be sold only to investors in these states who meet the special suitability standards set forth below.

Arizona, Iowa, Massachusetts, Missouri, North Carolina and Tennessee - Investors must have either (1) a net worth of at least $225,000 or (2) gross annual income of $60,000 and a net worth of at least $60,000.

Maine - Investors must have either (1) a net worth of at least $200,000, or (2) gross annual income of $50,000 and a net worth of at least $50,000.

Michigan, Ohio, Oregon and Pennsylvania - In addition to our suitability requirements, investors must have a net worth of at least ten times their investment in the Wells REIT.

Missouri - Investors must have either (1) a net worth of at least $250,000, or (2) gross annual income of $75,000 and a net worth of at least $75,000.

New Hampshire - Investors must have either (1) a net worth of at least $250,000, or (2) taxable income of $50,000 and a net worth of at least $125,000.

In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares or by the beneficiary of the account. These suitability standards are intended to help ensure that, given the long-term nature of an investment in our shares, our investment objectives and the relative illiquidity of our shares, shares of the Wells REIT are an appropriate investment for those of you who become investors. Each participating broker-dealer must make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each shareholder based on information provided by the shareholder in the Subscription Agreement. Each participating broker-dealer is required to maintain for six years records of the information used to determine that an investment in the shares is suitable and appropriate for a shareholder.

Estimated Use of Proceeds

The following tables set forth information about how we intend to use

the proceeds raised in this offering assuming that we sell 62,000,000 shares and 135,000,000 shares, respectively, pursuant to this offering. Many of the figures set forth below represent management's best estimate since they cannot be precisely calculated at this time. We expect that at least 84.0% of the money you invest will be used to buy real estate, while the remaining up to 16.0% will be used for working capital and to pay expenses and fees including the payment of fees to Wells Capital, our advisor, and Wells Investment Securities, our Dealer Manager.

	62,000,000 Shares		135,000,000 Shares	
	Amount(1)	Percent	Amount(2)	Percent
Gross Offering Proceeds	$620,000,000	100%	$1,350,000,000	100.0%
Less Public Offering Expenses:				
Selling Commissions and Dealer Manager Fee (3)	58,900,000	9.5%	128,250,000	9.5%
Organization and Offering Expenses (4)	18,600,000	3.0%	18,600,000	1.4%
Amount Available for Investment (5)	$542,500,000	87.5%	$1,203,150,000	89.1%
Acquisition and Development:				
Acquisition and Advisory Fees (6)	18,600,000	3.0%	40,500,000	3.0%
Acquisition Expenses (7)	3,100,000	0.5%	6,750,000	0.5%
Initial Working Capital Reserve (8)	(8)	--	(8)	--
Amount Invested in Properties (5)(9)	$520,800,000	84.0%	$1,155,900,000	85.6%

1. Assumes that an aggregate of $620,000,000 will be raised in this offering for purposes of illustrating the percentage of estimated organization and offering expenses at two different sales levels. See Note 4 below.

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(Footnotes to "Estimated Use of Proceeds")

2. Assumes the maximum offering is sold which includes 125,000,000 shares offered to the public at $10 per share and 10,000,000 shares offered pursuant to our dividend reinvestment plan at $10 per share. Excludes 5,000,000 shares to be issued upon exercise of the soliciting dealer warrants.

3. Includes selling commissions equal to 7.0% of aggregate gross offering proceeds which commissions may be reduced under certain circumstances and a dealer manager fee equal to 2.5% of aggregate gross offering proceeds, both of which are payable to the Dealer Manager, an affiliate of the advisor. The Dealer Manager, in its sole discretion, may reallow selling commissions of up to 7.0% of gross offering proceeds to other broker-dealers participating in this offering attributable to the units sold by them and may reallow out of its dealer manager fee up to 1.5% of gross offering proceeds in marketing fees and due diligence expenses to broker-dealers participating in this offering based on such factors as the volume of units sold by such participating broker-dealers, marketing support provided by such participating broker-dealers and bona fide conference fees incurred. The amount of selling commissions may often be reduced under certain circumstances for volume discounts. See the "Plan of Distribution" section of this prospectus for a description of such provisions.

4. Organization and offering expenses consist of reimbursement of actual legal, accounting, printing and other accountable offering expenses, including amounts to reimburse Wells Capital, our advisor, for marketing, salaries and direct expenses of its employees while engaged in registering and marketing the shares and other marketing and organization costs, other than selling commissions and the dealer manager fee. Wells Capital and its affiliates will be responsible for

the payment of organization and offering expenses, other than selling commissions and the dealer manager fee, to the extent they exceed 3.0% of gross offering proceeds without recourse against or reimbursement by the Wells REIT. We currently estimate that approximately $18,600,000 of organization and offering costs will be incurred if the maximum offering of 135,000,000 shares is sold.

5. Until required in connection with the acquisition and development of properties, substantially all of the net proceeds of the offering and, thereafter, the working capital reserves of the Wells REIT,

may be invested in short-term, highly-liquid investments including government obligations, bank certificates of deposit, short-term debt obligations and interest-bearing accounts.

6. Acquisition and advisory fees are defined generally as fees and commissions paid by any party to any person in connection with the purchase, development or construction of properties. We will pay Wells Capital, as our advisor, acquisition and advisory fees up to a maximum amount of 3.0% of gross offering proceeds in connection with the acquisition of the real estate properties. Acquisition and advisory fees do not include acquisition expenses.

7. Acquisition expenses include legal fees and expenses, travel expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the selection, acquisition and development of real estate properties.

8. Because the vast majority of leases for the properties acquired by the Wells REIT will provide for tenant reimbursement of operating expenses, we do not anticipate that a permanent reserve for maintenance and repairs of real estate properties will be established. However, to the extent that we have insufficient funds for such purposes, we may apply an amount of up to 1.0% of gross offering proceeds for maintenance and repairs of real estate properties. We also may, but are not required to, establish reserves from gross offering proceeds, out of cash flow generated by operating properties or out of nonliquidating net sale proceeds, defined generally to mean the net cash proceeds received by the Wells REIT from any sale or exchange of properties.

9. Includes amounts anticipated to be invested in properties net of fees and expenses. We estimate that at least approximately 84.0% of the proceeds received from the sale of shares will be used to acquire properties.

Management

General

We operate under the direction of our board of directors, the members of which are accountable to us and our shareholders as fiduciaries. The board is responsible for the management and control of our affairs. The board has retained Wells Capital to manage our day-to-day affairs and the acquisition and disposition of our investments, subject to the board's supervision. The articles of incorporation of the Wells REIT were reviewed and ratified by the board of directors, including the independent directors, at their initial meeting. This ratification by the board of directors was required by the NASAA Guidelines.

Our articles of incorporation and bylaws provide that the number of directors of the Wells REIT may be established by a majority of the entire board of directors but may not be fewer than three nor more than 15. We currently have a total of nine directors. The articles of incorporation also provide that a majority of the directors must be independent directors. An "independent director" is a person who is not an officer or employee of the Wells REIT, Wells Capital or their affiliates and has not otherwise been affiliated with such entities for the previous two years. Of the nine current directors, seven of our directors are considered independent directors.

Proposed transactions are often discussed before being brought to a final board vote. During these discussions, independent directors often offer ideas for ways in which deals can be changed to make them acceptable and these suggestions are taken into consideration when structuring transactions. Each director will serve until the next annual meeting of shareholders or until his successor has been duly

elected and qualified. Although the number of directors may be increased or decreased, a decrease shall not have the effect of shortening the term of any incumbent director.

Any director may resign at any time and may be removed with or without cause by the shareholders upon the affirmative vote of at least a majority of all the votes entitled to be cast at a meeting called for the purpose of the proposed removal. The notice of the meeting shall indicate that the purpose, or one of the purposes, of the meeting is to determine if the director shall be removed. The term "cause" as used in this context is a term used in the Maryland Corporation Law. Since the Maryland Corporation Law does not define the term "cause," shareholders may not know exactly what actions by a director may be grounds for removal.

Unless filled by a vote of the shareholders as permitted by Maryland Corporation Law, a vacancy created by an increase in the number of directors or the death, resignation, removal, adjudicated incompetence or other incapacity of a director shall be filled by a vote of a majority of the remaining directors and,

- in the case of a director who is not an independent director (affiliated director), by a vote of a majority of the remaining affiliated directors, or

- in the case of an independent director, by a vote of a majority of the remaining independent directors,

unless there are no remaining affiliated directors or independent directors, as the case may be. In such case a majority vote of the remaining directors shall be sufficient. If at any time there are no independent or affiliated directors in office, successor directors shall be elected by the shareholders. Each director will be bound by the articles of incorporation and the bylaws.

The directors are not required to devote all of their time to our business and are only required to devote the time to our affairs as their duties require. The directors will meet quarterly or more frequently if necessary. We do not expect that the directors will be required to devote a substantial portion of their time to discharge their duties as our directors. Consequently, in the exercise of their fiduciary responsibilities, the directors will be relying heavily on Wells Capital. The board is empowered to fix the compensation of all officers that it selects and may pay compensation to directors for services rendered to us in any other capacity.

Our general investment and borrowing policies are set forth in this prospectus. The directors may establish further written policies on investments and borrowings and shall monitor our administrative procedures, investment operations and performance to ensure that the policies are fulfilled and are in the best interest of the shareholders. We will follow the policies on investments and borrowings set forth in this prospectus unless and until they are modified by the directors.

The board is also responsible for reviewing our fees and expenses on at least an annual basis and with sufficient frequency to determine that the expenses incurred are in the best interest of the shareholders. In addition, a majority of the independent directors and a majority of directors not otherwise interested in the transaction must approve all transactions with Wells Capital or its affiliates. The independent directors will also be responsible for reviewing the performance of Wells Capital and determining that the compensation to be paid to Wells Capital is reasonable in relation to the nature and quality of services to be performed and that the provisions of the advisory agreement

are being carried out. Specifically, the independent directors will consider factors such as:

- the amount of the fee paid to Wells Capital in relation to the size, composition and performance of our investments;
- the success of Wells Capital in generating appropriate investment opportunities;
- rates charged to other REITs and other investors by advisors performing similar services;
- additional revenues realized by Wells Capital and its affiliates through their relationship with us, whether we pay them or they are paid by others with whom we do business;
- the quality and extent of service and advice furnished by Wells Capital and the performance of our investment portfolio; and
- the quality of our portfolio relative to the investments generated by Wells Capital for its other clients.

Neither the directors nor their affiliates will vote or consent to the voting of shares they now own or hereafter acquire on matters submitted to the shareholders regarding either (1) the removal of Wells Capital, any director or any affiliate, or (2) any transaction between us and Wells Capital, any director or any affiliate.

Committees of the Board of Directors

Our entire board of directors considers all major decisions concerning our business, including any property acquisitions. However, our board has established an Audit Committee and a Compensation Committee so that these important areas can be addressed in more depth than may be possible at a full board meeting.

Audit Committee

The Audit Committee meets on a regular basis at least three times a year. The Audit Committee members are Messrs. Bell, Carpenter, Carter, Keogler, Moss, Sessoms and Strickland. The board of directors adopted our Audit Committee Charter at its quarterly board meeting held September 27, 2000. The Audit Committee's primary function is to assist the board of directors in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the system of internal controls which management has established, and the audit and financial reporting process.

Compensation Committee

Our board of directors has also established a Compensation Committee to administer the 2000 Employee Stock Option Plan, as described below, which was approved by the shareholders at our annual shareholders meeting held June 28, 2000. The Compensation Committee is comprised of Messrs. Bell, Carpenter, Carter, Keogler, Moss, Sessoms and Strickland. The primary function of the Compensation Committee is to administer the granting of stock options to selected employees of Wells Capital and Wells Management based upon recommendations from Wells Capital, and to set the terms and conditions of such options in accordance with the 2000 Employee Stock Option Plan.

Executive Officers and Directors

We have provided below certain information about our executive officers and directors.

Name	Position(s)	Age
Leo F. Wells, III	President and Director	56
Douglas P. Williams	Executive Vice President, Secretary, Treasurer and Director	50
John L. Bell	Director	60
Richard W. Carpenter	Director	63
Bud Carter	Director	62
William H. Keogler, Jr.	Director	55
Donald S. Moss	Director	64
Walter W. Sessoms	Director	66
Neil H. Strickland	Director	64

Leo F. Wells, III is the President and a director of the Wells REIT and the President, Treasurer and sole director of Wells Capital, our advisor. He is also the sole shareholder and sole director of Wells Real Estate Funds, Inc., the parent corporation of Wells Capital. Mr. Wells is President of Wells & Associates, Inc., a real estate brokerage and investment company formed in 1976 and incorporated in 1978, for which he serves as principal broker. He is also the President, Treasurer and sole director of:

- Wells Management Company, Inc., our Property Manager;
- Wells Investment Securities, Inc., our Dealer Manager;
- Wells Advisors, Inc., a company he organized in 1991 to act as a non-bank custodian for IRAs; and
- Wells Development Corporation, a company he organized in 1997 to develop real properties.

Mr. Wells was a real estate salesman and property manager from 1970 to 1973 for Roy D. Warren & Company, an Atlanta-based real estate company, and he was associated from 1973 to 1976 with Sax Gaskin Real Estate Company, during which time he became a Life Member of the Atlanta Board of Realtors Million Dollar Club. From 1980 to February 1985 he served as Vice President of Hill-Johnson, Inc., a Georgia corporation engaged in the construction business. Mr. Wells holds a Bachelor of Business Administration degree in economics from the University of Georgia. Mr. Wells is a member of the International Association for Financial Planning (IAFP) and a registered NASD principal.

Mr. Wells has over 27 years of experience in real estate sales, management and brokerage services. In addition to being the President and a director of the Wells REIT, he is currently a co-general partner in a total of 26 real estate limited partnerships formed for the purpose of acquiring, developing and operating office buildings and other commercial properties. As of September 30, 2000, these 26 real estate limited partnerships represented investments totaling approximately $313,562,916 from approximately 27,322 investors.

Douglas P. Williams is the Executive Vice President, Secretary, Treasurer and a director of the Wells REIT. He is also a Senior Vice President of Wells Capital, our advisor, and is also a Vice President of:

- Wells Investment Securities, Inc., our Dealer Manager;
- Wells Real Estate Funds, Inc.; and
- Wells Advisors, Inc.

Mr. Williams previously served as Vice President, Controller of OneSource, Inc., a leading supplier of janitorial and landscape services, from 1996 to 1999 where he was responsible for corporate-wide accounting activities and financial analysis. Mr. Williams was employed by ECC International Inc. ("ECC"), a supplier to the paper industry and to the paint, rubber and plastic industries, from 1982 to 1995. While at ECC, Mr. Williams served in a number of key accounting positions, including Corporate Accounting Manager, U.S. Operations, Division Controller, Americas Region and Corporate Controller, America/Pacific Division. Prior to joining ECC and for one year after leaving ECC, Mr. Williams was employed by Lithonia Lighting, a manufacturer of lighting fixtures, as a Cost and General Accounting Manager and Director of Planning and Control. Mr. Williams started his professional career as an auditor for KPMG

Peat Marwick LLP.

Mr. Williams is a member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants. Mr. Williams received a bachelor of arts degree from Dartmouth College and a Masters of Business Administration degree from the Amos Tuck School of Graduate Business Administration at Dartmouth College.

John L. Bell was the owner and Chairman of Bell-Mann, Inc., the largest commercial flooring contractor in the Southeast from February 1971 to February 1996. Mr. Bell also served on the Board of Directors of Realty South Investors, a REIT traded on the American Stock Exchange, and was the founder and served as a director of both the Chattahoochee Bank and the Buckhead Bank. In 1997, Mr. Bell initiated and implemented a "Dealer Acquisition Plan" for Shaw Industries, Inc., a floor covering manufacturer and distributor, which plan included the acquisition of Bell-Mann.

Mr. Bell currently serves on the Board of Directors of Electronic Commerce Systems, Inc. and the Cullasaja Club of Highlands, North Carolina. Mr. Bell is also extensively involved in buying and selling real estate both individually and in partnership with others. Mr. Bell graduated from Florida State University majoring in accounting and marketing.

Richard W. Carpenter served as General Vice President of Real Estate Finance of The Citizens and Southern National Bank from 1975 to 1979, during which time his duties included the establishment and supervision of the United Kingdom Pension Fund, U.K.-American Properties, Inc. which was established primarily for investment in commercial real estate within the United States.

Mr. Carpenter is currently President and director of Realmark Holdings Corp., a residential and commercial real estate developer, and has served in that position since October 1983. Mr. Carpenter is also a managing partner of Carpenter Properties, L.P., a real estate limited partnership. He is also President and director of Commonwealth Oil Refining Company, Inc., a position he has held since 1984.

Mr. Carpenter previously served as Vice Chairman of the Board of Directors of both First Liberty Financial Corp. and Liberty Savings Bank, F.S.B. and Chairman of the Audit Committee of First Liberty Financial Corp. He has been a member of The National Association of Real Estate Investment Trusts and served as President and Chairman of the Board of Southmark Properties, an Atlanta-based REIT investing in commercial properties. Mr. Carpenter is a past Chairman of the American Bankers Association Housing and Real Estate Finance Division Executive Committee. Mr. Carpenter holds a Bachelor of Science degree from Florida State University, where he was named the outstanding alumnus of the School of Business in 1973.

Bud Carter was an award-winning broadcast news director and anchorman for several radio and television stations in the Midwest for over 20 years. From 1975 to 1980, Mr. Carter served as General Manager of WTAZ-FM, a radio station in Peoria, Illinois and served as editor and publisher of The Peoria

Press, a weekly business and political journal in Peoria, Illinois. From 1981 until 1989, Mr. Carter was also an owner and General Manager of Transitions, Inc., a corporate outplacement company in Atlanta, Georgia.

Mr. Carter currently serves as Senior Vice President for The Executive Committee, a 43-year old international organization established to aid presidents and CEOs to share ideas on ways to improve the management and profitability of their respective companies. The Executive Committee operates in numerous large cities throughout the United States, Canada, Australia, France, Italy, Malaysia, Brazil, the United Kingdom and Japan. The Executive Committee has more than 7,000 presidents and CEOs who are members. In addition, Mr. Carter was the first Chairman of the organization recruited in Atlanta and still serves as Chairman of the first two groups formed in Atlanta, each comprised of 14 noncompeting CEOs and presidents. Mr. Carter is a graduate of the University of Missouri where he earned degrees in journalism and social psychology.

William H. Keogler, Jr. was employed by Brooke Bond Foods, Inc. as a Sales Manager from June 1965 to September 1968. From July 1968 to December 1974, Mr. Keogler was employed by Kidder Peabody & Company, Inc. and Dupont, Glore, Forgan as a corporate bond salesman responsible for managing the industrial corporate bond desk and the utility bond area. From December 1974 to July 1982, Mr. Keogler was employed by Robinson-Humphrey, Inc. as the Director of Fixed Income Trading Departments responsible for all municipal bond trading and municipal research, corporate and government bond trading, unit trusts and SBA/FHA loans, as well as the oversight of the publishing of the Robinson-Humphrey Southeast Unit Trust, a quarterly newsletter. Mr. Keogler was elected to the Board of Directors of Robinson-Humphrey, Inc. in 1982. From July 1982 to October 1984, Mr. Keogler was Executive Vice President, Chief Operating Officer, Chairman of the Executive Investment Committee and member of the Board of Directors and Chairman of the MFA Advisory Board for the Financial Service Corporation. He was responsible for the creation of a full service trading department specializing in general securities with emphasis on municipal bonds and municipal trusts. Under his leadership, Financial Service Corporation grew to over 1,000 registered representatives and over 650 branch offices. In March 1985, Mr. Keogler founded Keogler, Morgan & Company, Inc., a full service brokerage firm, and Keogler Investment Advisory, Inc., in which he served as Chairman of the Board of Directors, President and Chief Executive Officer. In January 1997, both companies were sold to SunAmerica, Inc., a publicly traded New York Stock Exchange company. Mr. Keogler continued to serve as President and Chief Executive Officer of these companies until his retirement in January 1998.

Mr. Keogler serves on the Board of Trustees of Senior Citizens Services of Atlanta. He graduated from Adelphi University in New York where he earned a degree in psychology.

Donald S. Moss was employed by Avon Products, Inc. from 1957 until his retirement in 1986. While at Avon, Mr. Moss served in a number of key positions, including Vice President and Controller from 1973 to 1976, Group Vice President of Operations-Worldwide from 1976 to 1979, Group Vice President of Sales-Worldwide from 1979 to 1980, Senior Vice President-International from 1980 to 1983 and Group Vice President-Human Resources and Administration from 1983 until his retirement in 1986. Mr. Moss was also a member of the board of directors of Avon Canada, Avon Japan, Avon Thailand, and Avon Malaysia from 1980-1983.

Mr. Moss is currently a director of The Atlanta Athletic Club. He formerly was the National Treasurer and a director of the Girls Clubs of America from 1973 to 1976. Mr. Moss graduated from the University of Illinois where he received a degree in business.

Walter W. Sessoms was employed by Southern Bell and its successor company, BellSouth, from 1956 until his retirement in June 1997. While at BellSouth, Mr. Sessoms served in a number of key

positions, including Vice President-Residence for the State of Georgia from June 1979 to July 1981, Vice President-Transitional Planning Officer from July 1981 to February 1982, Vice President-Georgia from February 1982 to June 1989, Senior Vice President-Regulatory and External Affairs from June 1989 to November 1991, and Group President-Services from December 1991 until his retirement on June 30, 1997.

Mr. Sessoms currently serves as a director of the Georgia Chamber of Commerce for which he is a past Chairman of the Board, the Atlanta Civic Enterprises and the Salvation Army's Board of Visitors of the Southeast Region. Mr. Sessoms is also a past executive advisory council member for the University of Georgia College of Business Administration and past member of the executive committee of the Atlanta Chamber of Commerce. Mr. Sessoms is a graduate of Wofford College where he earned a degree in economics and business administration. He is a member of the Governor's Education Reform Commission.

Neil H. Strickland was employed by Loyalty Group Insurance (which subsequently merged with America Fore Loyalty Group and is now known as The Continental Group) as an automobile insurance underwriter. From 1957 to 1961, Mr. Strickland served as Assistant Supervisor of the Casualty Large Lines

Retrospective Rating Department. From 1961 to 1964, Mr. Strickland served as Branch Manager of Wolverine Insurance Company, a full service property and casualty service company, where he had full responsibility for underwriting of insurance and office administration in the State of Georgia. In 1964, Mr. Strickland and a non-active partner started Superior Insurance Service, Inc., a property and casualty wholesale general insurance agency. Mr. Strickland served as President and was responsible for the underwriting and all other operations of the agency. In 1967, Mr. Strickland sold his interest in Superior Insurance Service, Inc. and started Strickland General Agency, Inc., a property and casualty general insurance agency concentrating on commercial customers. Mr. Strickland is currently the Senior Operation Executive of Strickland General Agency, Inc. and devotes most of his time to long-term planning, policy development and senior administration.

Mr. Strickland is a past President of the Norcross Kiwanis Club and served as both Vice President and President of the Georgia Surplus Lines Association. He also served as President and a director of the National Association of Professional Surplus Lines Offices. Mr. Strickland currently serves as a director of First Capital Bank, a community bank located in the State of Georgia. Mr. Strickland attended Georgia State University where he majored in business administration. He received his L.L.B. degree from Atlanta Law School.

Compensation of Directors

We pay each of our independent directors $500 per month plus $125 for each board meeting he attends. In addition, we have reserved 100,000 shares of common stock for future issuance upon the exercise of stock options granted to the independent directors pursuant to our Independent Director Stock Option Plan and 500,000 shares for future issuance upon the exercise of warrants to be granted to the independent directors pursuant to our Independent Director Warrant Plan. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors. If a director also is an officer of the Wells REIT, we do not pay separate compensation for services rendered as a director.

Independent Director Stock Option Plan

Our Independent Director Stock Option Plan (Director Option Plan) was approved by our shareholders at the annual shareholders meeting held June 16, 1999. We issued non-qualified stock options to purchase 2,500 shares (Initial Options) to each independent director pursuant to our Director

Option Plan. In addition, we issued options to purchase 1,000 shares to each independent director in connection with the 2000 annual meeting of stockholders and will continue to issue options to purchase 1,000 shares (Subsequent Options) to each independent director then in office on the date of each annual stockholder's meeting. The Initial Options and the Subsequent Options are collectively referred to as the "Director Options." Director Options may not be granted at any time when the grant, along with grants to other independent directors, would exceed 10% of our issued and outstanding shares. As of September 30, 2000, each independent director had been granted options to purchase a total of 3,500 shares under the Director Option Plan, of which 1,000 of those shares were exercisable. The exercise price for the Initial Options is $12.00 per share. The exercise price for the Subsequent Options is the greater of (1) $12.00 per share or (2) the fair market value of the shares on the date they are granted. Fair market value is defined generally to mean:

- the average closing price for the five consecutive trading days ending on such date if the shares are traded on a national exchange;
- the average of the high bid and low asked prices if the shares are quoted on NASDAQ;
- the average of the last 10 sales made pursuant to a public offering if there is a current public offering and no market maker for the shares;

- the average of the last 10 purchases (or fewer if less than 10 purchases) under our share redemption program if there is no current public offering; or

- the price per share under the dividend reinvestment plan if there are no purchases under the share redemption program.

One-fifth of the Initial Options were exercisable beginning on the date we granted them, one-fifth of the Initial Options became exercisable beginning in July 2000 and an additional one-fifth of the Initial Options will become exercisable on each anniversary of the date we granted them for a period of three years until 100% of the shares become exercisable. The Subsequent Options granted under the Director Option Plan will become exercisable on the second anniversary of the date we grant them.

A total of 100,000 shares have been authorized and reserved for issuance under the Director Option Plan. If the number of outstanding shares is changed into a different number or kind of shares or securities through a reorganization or merger in which the Wells REIT is the surviving entity, or through a combination, recapitalization or otherwise, an appropriate adjustment will be made in the number and kind of shares that may be issued pursuant to exercise of the Director Options. A corresponding adjustment to the exercise price of the Director Options granted prior to any change will also be made. Any such adjustment, however, will not change the total payment, if any, applicable to the portion of the Director Options not exercised, but will change only the exercise price for each share.

Options granted under the Director Option Plan shall lapse on the first to occur of (1) the tenth anniversary of the date we grant them, (2) the removal for cause of the independent director as a member of the board of directors, or (3) three months following the date the independent director ceases to be a director for any reason other than death or disability, and may be exercised by payment of cash or through the delivery of common stock. Director Options granted under the Director Option Plan are generally exercisable in the case of death or disability for a period of one year after death or the disabling event. No Director Option issued may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

The independent directors may not sell pledge, assign or transfer their options other than by will or the laws of descent or distribution.

Upon the dissolution or liquidation of the Wells REIT, upon our reorganization, merger or consolidation with one or more corporations as a result of which we are not the surviving corporation or upon sale of all or substantially all of our properties, the Director Option Plan will terminate, and any outstanding Director Options will terminate and be forfeited. The board of directors may provide in writing in connection with any such transaction for any or all of the following alternatives:

- for the assumption by the successor corporation of the Director Options granted or the replacement of the Director Options with options covering the stock of the successor corporation, or a parent or subsidiary of such corporation, with appropriate adjustments as to the number and kind of shares and exercise prices;

- for the continuance of the Director Option Plan and the Director Options by such successor corporation under the original terms; or

- for the payment in cash or shares of common stock in lieu of and in complete satisfaction of such options.

Independent Director Warrant Plan

Our Independent Director Warrant Plan of the Wells REIT (Director Warrant Plan) was approved by our shareholders at the annual shareholders

meeting held June 28, 2000. Our Director Warrant Plan provides for the issuance of warrants to purchase shares of our common stock (Warrants) to independent directors based on the number of shares of common stock that they purchase in the future. The purpose of the Director Warrant Plan is to encourage our independent directors to purchase shares of our common stock. Beginning on the effective date of the Director Warrant Plan and continuing until the earlier to occur of (1) the termination of the Director Warrant Plan by action of the board of directors or otherwise, or (2) 5:00 p.m. EST on the date of listing of our shares on a national securities exchange, each independent director will receive one Warrant for every 25 shares of common stock he purchases. The exercise price of the Warrants will be $12.00 per share.

A total of 500,000 Warrants have been authorized and reserved for issuance under the Director Warrant Plan, each of which will be redeemable for one share of our common stock. Upon our dissolution or liquidation, or upon a reorganization, merger or consolidation, where we are not the surviving corporation, or upon our sale of all or substantially all of our properties, the Director Warrant Plan shall terminate, and any outstanding Warrants shall terminate and be forfeited; provided, however, that holders of Warrants may exercise any Warrants that are otherwise exercisable immediately prior to the effective date of the dissolution, liquidation, consolidation or merger. Notwithstanding the above, the board of directors may provide in writing in connection with any such transaction for any or all of the following alternatives: (1) for the assumption by the successor corporation of the Warrants theretofore granted or the substitution by such corporation for such Warrants of awards covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; (2) for the continuance of the Director Warrant Plan by such successor corporation in which event the Director Warrant Plan and the Warrants shall continue in the manner and under the terms so provided; or (3) for the payment in cash or shares in lieu of and in complete satisfaction of such Warrants.

No Warrant may be sold, pledged, assigned or transferred by an independent director in any manner other than by will or the laws of descent or distribution. All Warrants exercised during the

independent director's lifetime shall be exercised only by the independent director or his legal representative. Any transfer contrary to the Director Warrant Plan will nullify and render void the Warrant. Notwithstanding any other provisions of the Director Warrant Plan, Warrants granted under the Director Warrant Plan shall continue to be exercisable in the case of death or disability of the independent director for a period of one year after the death or disabling event, provided that the death or disabling event occurs while the person is an independent director. No Warrant issued may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

2000 Employee Stock Option Plan

Our 2000 Employee Stock Option Plan of the Wells REIT (Employee Option Plan) was approved by our shareholders at the annual shareholders meeting held June 28, 2000. Our Employee Option Plan is designed to enable Wells Capital and Wells Management to obtain or retain the services of employees considered essential to our long range success and the success of Wells Capital and Wells Management by offering such employees an opportunity to participate in the growth of the Wells REIT through ownership of our common stock.

The Employee Option Plan provides for the formation of a Compensation Committee consisting of two or more of our independent directors. (See "Committees of the Board of Directors.") The Compensation Committee shall conduct the general administration of the Employee Option Plan. The Compensation Committee is authorized to grant "non-qualified" stock options (Employee Options) to selected employees of Wells Capital and Wells Management based upon the recommendation of Wells Capital and subject to the absolute discretion of the Compensation Committee and applicable limitations of the Employee Option Plan. The exercise price for the Employee Options shall be the greater of (1) $11.00 per share or (2) the fair market value of the shares on the date the option is granted. A total of 750,000 shares have been authorized and reserved

for issuance under the Employee Option Plan.

The Compensation Committee shall set the term of the Employee Options in its discretion, although no Employee Option shall have a term greater than five years from the later of (i) the date our shares become listed on a national securities exchange, or (ii) the date the Employee Option is granted. The employee receiving Employee Options shall agree to remain in employment with his employer for a period of one year after the Employee Option is granted. The Compensation Committee shall set the period during which the right to exercise an option vests in the holder of the option. No Employee Option issued may be exercised, however, if such exercise would jeopardize our status as a REIT under the Internal Revenue Code. In addition, no option may be sold, pledged, assigned or transferred by an employee in any manner other than by will or the laws of descent or distribution.

In the event that the Compensation Committee determines that any dividend or other distribution, recapitalization, stock split, reorganization, merger, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of our assets, or other similar corporate transaction or event, affects the shares such that an adjustment is determined by the Compensation Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Employee Option Plan or with respect to an Employee Option, then the Compensation Committee shall, in such manner as it may deem equitable, adjust the number and kind of shares or the exercise price with respect to any option.

Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents

Our organizational documents limit the personal liability of our shareholders, directors and officers for monetary damages to the fullest extent permitted under current Maryland Corporation Law. We also maintain a directors and officers liability insurance policy. Maryland Corporation Law allows

directors and officers to be indemnified against judgments, penalties, fines, settlements and expenses actually incurred in a proceeding unless the following can be established:

- an act or omission of the director or officer was material to the cause of action adjudicated in the proceeding, and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal proceeding, the director or officer had reasonable cause to believe his act or omission was unlawful.

Any indemnification or any agreement to hold harmless is recoverable only out of our assets and not from the shareholders. Indemnification could reduce the legal remedies available to us and the shareholders against the indemnified individuals, however.

This provision does not reduce the exposure of directors and officers to liability under federal or state securities laws, nor does it limit the shareholder's ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us or our shareholders, although the equitable remedies may not be an effective remedy in some circumstances.

In spite of the above provisions of Maryland Corporation Law, our articles of incorporation provide that the directors, Wells Capital and its affiliates will be indemnified by us for losses arising from our operation only if all of the following conditions are met:

- the directors, Wells Capital or its affiliates have determined,

in good faith, that the course of conduct which caused the loss or liability was in our best interests;

- the directors, Wells Capital or its affiliates were acting on our behalf or performing services for us;

- in the case of affiliated directors, Wells Capital or its affiliates, the liability or loss was not the result of negligence or misconduct by the party seeking indemnification;

- in the case of independent directors, the liability or loss was not the result of gross negligence or willful misconduct by the party seeking indemnification; and

- the indemnification or agreement to hold harmless is recoverable only out of our net assets and not from the shareholders.

We have agreed to indemnify and hold harmless Wells Capital and its affiliates performing services for us from specific claims and liabilities arising out of the performance of its obligations under the advisory agreement. As a result, we and our shareholders may be entitled to a more limited right of action than they would otherwise have if these indemnification rights were not included in the advisory agreement.

The general effect to investors of any arrangement under which any of our controlling persons, directors or officers are insured or indemnified against liability is a potential reduction in distributions resulting from our payment of premiums associated with insurance. In addition, indemnification could

reduce the legal remedies available to the Wells REIT and our shareholders against the officers and directors.

The Securities and Exchange Commission takes the position that indemnification against liabilities arising under the Securities Act of 1933 is against public policy and unenforceable. Indemnification of the directors, officers, Wells Capital or its affiliates will not be allowed for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits of each count involving alleged securities law violations;

- such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or

- a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which the securities were offered as to indemnification for violations of securities laws.

Indemnification will be allowed for settlements and related expenses of lawsuits alleging securities laws violations and for expenses incurred in successfully defending any lawsuits, provided that a court either:

- approves the settlement and finds that indemnification of the settlement and related costs should be made; or

- dismisses with prejudice or there is a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and a court approves the indemnification.

The Advisor

The advisor of the Wells REIT is Wells Capital. Some of our officers and directors are also officers and directors of Wells Capital. Wells Capital has contractual responsibility to the Wells REIT and its stockholders pursuant to the advisory agreement.

The directors and executive officers of Wells Capital are as follows:

Name	Age	Position
Leo F. Wells, III	56	President, Treasurer and sole director
Douglas P. Williams	50	Senior Vice President and Assistant Secretary
Stephen G. Franklin	53	Senior Vice President
Kim R. Comer	45	Vice President
Linda L. Carson	57	Vice President
Allen G. Delenick	44	Vice President

The backgrounds of Messrs. Wells and Williams are described in the "Management -- Executive Officers and Directors" section of this prospectus. Below is a brief description of the other executive officers of Wells Capital.

Stephen G. Franklin, Ph.D. is a Senior Vice President of Wells Capital. Mr. Franklin is responsible for marketing, sales and coordination of broker-dealer relations. Mr. Franklin also serves as Vice President of Wells Real Estate Funds, Inc. Prior to joining Wells Capital in 1999, Mr. Franklin served as President of Global Access Learning, an international executive education and management development firm. From 1997 to 1999, Mr. Franklin served as President, Chief Academic Officer and Director of EduTrek International, a publicly traded provider of international post-secondary education that owns the American InterContinental University, with campuses in Atlanta, Ft. Lauderdale, Los Angeles, Washington, D.C., London and Dubai. While at EduTrek, he was instrumental in developing the Masters and Bachelors of Information Technology, International MBA and Adult Evening BBA programs. Prior to joining EduTrek, Mr. Franklin was Associate Dean of the Goizueta Business School at Emory University and a former tenured Associate Professor of Business Administration. He served on the founding Executive MBA faculty, and has taught graduate, undergraduate and executive courses in Management and Organizational Behavior, Human Resources Management and Entrepreneurship. He is also co-founder and Director of the Center for Healthcare Leadership in the Emory University School of Medicine. Mr. Franklin was a frequent guest lecturer at universities throughout North America, Europe and South Africa.

In 1984, Mr. Franklin took a sabbatical from Emory University and became Executive Vice President and a principal shareholder of Financial Service Corporation ("FSC"), an independent financial planning broker-dealer. Mr. Franklin and the other shareholders of FSC later sold their interests in FSC to Mutual of New York Life Insurance Company.

Kim R. Comer rejoined Wells Capital as National Vice President of Marketing in April 1997 after working for Wells Capital in similar capacities from January 1992 through September 1995. Mr. Comer currently serves as Vice President and Director of Customer Care Services. In prior positions with Wells Capital, he served as Vice President of Marketing for the southeast and northeast regions. Mr. Comer has over ten years experience in the securities industry and is a registered representative and financial principal with the NASD. Additionally, he has substantial financial experience including experience as controller and chief financial officer of two regional broker-dealers. In 1976, Mr. Comer graduated with honors from Georgia State University with a BBA degree in accounting.

Linda L. Carson is a Vice President of Wells Capital. She is primarily responsible for fund, property and corporate accounting, SEC reporting and coordination of all audits by the independent public accountants. Ms. Carson also serves as Secretary of Wells Investment Securities, Inc., our Dealer Manager. Ms. Carson joined Wells Capital in 1989 as Staff Accountant, became

Controller in 1991 and assumed her current position in 1996. Prior to joining Wells Capital, Ms. Carson was an accountant with an electrical distributor. She is a graduate of City College of New York and has completed additional accounting courses at Kennesaw State. She is also a member of the National Society of Accountants.

Allen G. Delenick is a Vice President of Wells Capital. He is primarily responsible for identifying and analyzing properties for acquisition by conducting due diligence and preparing discounted cash flow analyses on potential acquisitions. Prior to joining Wells Capital in 1998, Mr. Delenick worked for Carter & Associates in Atlanta. In this capacity, he was responsible for project financings, development analysis, acquisitions and dispositions analysis, and occupancy cost analysis. Mr. Delenick previously worked for Portman Properties in Atlanta and Rosewood Properties in Dallas. His primary responsibilities included real estate financial analysis and acquisitions and development due diligence.

He graduated from Lehigh University with a B.S. in business and economics. Mr. Delenick also received an M.B.A. in finance and an M.S. in real estate from Southern Methodist University.

Wells Capital employs personnel, in addition to the directors and executive officers listed above, who have extensive experience in selecting and managing commercial properties similar to the properties sought to be acquired by the Wells REIT.

The Advisory Agreement

Many of the services to be performed by Wells Capital in managing our day-to-day activities are summarized below. This summary is provided to illustrate the material functions which Wells Capital will perform for us as our advisor and it is not intended to include all of the services which may be provided to us by third parties. Under the terms of the advisory agreement, Wells Capital undertakes to use its best efforts to present to us investment opportunities consistent with our investment policies and objectives as adopted by the board of directors. In its performance of this undertaking, Wells Capital, either directly or indirectly by engaging an affiliate, shall, subject to the authority of the board:

- find, present and recommend to us real estate investment opportunities consistent with our investment policies and objectives;
- structure the terms and conditions of transactions pursuant to which acquisitions of properties will be made;
- acquire properties on our behalf in compliance with our investment objectives and policies;
- arrange for financing and refinancing of properties; and
- enter into leases and service contracts for the properties acquired.

The term of the current advisory agreement ends on January 30, 2001 and may be renewed for an unlimited number of successive one-year periods. Additionally, the advisory agreement may be terminated:

- immediately by us for "cause" or upon the bankruptcy of Wells Capital or a material breach of the advisory agreement by Wells Capital;
- without cause by a majority of the independent directors of the Wells REIT or a majority of the directors of Wells Capital upon 60 days' written notice; or
- immediately with "good reason" by Wells Capital.

"Good reason" is defined in the advisory agreement to mean either:

- any failure by us to obtain a satisfactory agreement from our successor to assume and agree to perform our obligations under the advisory agreement; or

- any material breach of the advisory agreement of any nature whatsoever by us.

"Cause" is defined in the advisory agreement to mean fraud, criminal conduct, willful misconduct or willful or negligent breach of fiduciary duty by Wells Capital or a breach of the advisory agreement by Wells Capital.

Wells Capital and its affiliates expect to engage in other business ventures and, as a result, their resources will not be dedicated exclusively to our business. However, pursuant to the advisory agreement, Wells Capital must devote sufficient resources to the administration of the Wells REIT to discharge its obligations. Wells Capital may assign the advisory agreement to an affiliate upon approval of a majority of the independent directors. We may assign or transfer the advisory agreement to a successor entity.

Wells Capital may not make any acquisition of property or financing of such acquisition on our behalf without the prior approval of a majority of our independent directors. The actual terms and conditions of transactions involving investments in properties shall be determined in the sole discretion of Wells Capital, subject at all times to such board approval.

We will reimburse Wells Capital for all of the costs it incurs in connection with the services it provides to us, including, but not limited to:

- organization and offering expenses in an amount up to 3.0% of gross offering proceeds, which include actual legal, accounting, printing and expenses attributable to preparing the SEC registration statement, qualification of the shares for sale in the states and filing fees incurred by Wells Capital, as well as reimbursements for marketing, salaries and direct expenses of its employees while engaged in registering and marketing the shares and other marketing and organization costs, other than selling commissions and the dealer manager fee;

- the annual cost of goods and materials used by us and obtained from entities not affiliated with Wells Capital, including brokerage fees paid in connection with the purchase and sale of securities;

- administrative services including personnel costs; provided, however, that no reimbursement shall be made for costs of personnel to the extent that personnel are used in transactions for which Wells Capital receives a separate fee; and

- acquisition expenses, which are defined to include expenses related to the selection and acquisition of properties, at the lesser of actual cost or 90% of competitive rates charged by unaffiliated persons providing similar services.

Wells Capital must reimburse us at least annually for reimbursements paid to Wells Capital in any year to the extent that such reimbursements to Wells Capital cause our operating expenses to exceed the greater of (1) 2% of our average invested assets, which generally consists of the average book value of our real estate properties before reserves for depreciation or bad debts, or (2) 25% of our net income, which is defined as our total revenues less total expenses for any given period excluding reserves for depreciation and bad debt. Such operating expenses do not include amounts payable out of capital contributions which are capitalized for tax and accounting purposes such as the acquisition and advisory fees payable to Wells Capital. To the extent that operating expenses payable or reimbursable by us exceed this limit and the independent directors determine that the excess expenses were justified based on unusual and nonrecurring factors which they deem sufficient, Wells Capital may

be reimbursed in future years for the full amount of the excess expenses, or any portion thereof, but only to the extent the reimbursement would not cause our operating expenses to exceed the limitation in any year. Within 60 days after the end of any of our fiscal quarters for which total operating expenses for the 12 months then ended exceed the limitation, there shall be sent to the shareholders a written disclosure, together with an explanation of the factors the independent directors considered in arriving at the conclusion that the excess expenses were justified.

Wells Capital and its affiliates will be paid fees in connection with services provided to us. (See "Management Compensation.") In the event the advisory agreement is terminated, Wells Capital will be paid all accrued and unpaid fees and expense reimbursements, and any subordinated acquisition fees earned prior to the termination. We will not reimburse Wells Capital or its affiliates for services for which Wells Capital or its affiliates are entitled to compensation in the form of a separate fee.

Shareholdings

Wells Capital currently owns 20,000 limited partnership units of Wells OP, our operating partnership, for which it contributed $200,000 and which constitutes 100% of the limited partner units outstanding at this time. Wells Capital may not sell any of these units during the period it serves as our advisor. Wells Capital, also owns 100 shares of the Wells REIT, which it acquired upon the initial formation of the Wells REIT. (See "The Operating Partnership Agreement.") Any resale of the shares that Wells Capital currently owns and the resale of any shares which may be acquired by our affiliates are subject to the provisions of Rule 144 promulgated under the Securities Act of 1933, which rule limits the number of shares that may be sold at any one time and the manner of such resale. Although Wells Capital and its affiliates are not prohibited from acquiring additional shares, Wells Capital has no options or warrants to acquire any additional shares and has no current plans to acquire additional shares. Wells Capital has agreed to abstain from voting any shares it now owns or hereafter acquires in any vote for the election of directors or any vote regarding the approval or termination of any contract with Wells Capital or any of its affiliates.

Affiliated Companies

Property Manager

Our properties will be managed and leased initially by Wells Management Company, Inc. (Wells Management), our Property Manager. Wells Real Estate Funds, Inc. is the sole shareholder of Wells Management, and Mr. Wells is the President, Treasurer and sole director of Wells Management. (See "Conflicts of Interest.") The other principal officers of Wells Management are as follows:

Name	Age	Positions
M. Scott Meadows	36	Senior Vice President and Secretary
Michael C. Berndt	53	Vice President and Chief Investment Officer
Michael L. Watson	55	Vice President

The background of Mr. Wells is described in the "Management -- Executive Officers and Directors" section of this prospectus. Below is a brief description of the other executive officers of Wells Management.

M. Scott Meadows is a Senior Vice President and Secretary of Wells Management. He is primarily responsible for the acquisition, operation, management and disposition of real estate investments. Prior to joining Wells Management in 1996, Mr. Meadows served as Senior Property Manager for The Griffin Company, a full-service commercial real estate firm in Atlanta, where he was responsible for managing a 500,000 square foot office and retail portfolio. Mr. Meadows previously managed real estate as a Property Manager for Sea Pines

Plantation Company. He graduated from University of Georgia with a B.B.A. in management. Mr. Meadows is a Georgia real estate broker and holds the Real Property Administrator (RPA) designation of the Building Owners and Managers Institute International. He is currently completing the final phase to receive the Certified Property Manager (CPM) designation from the Institute of Real Estate Management.

Michael C. Berndt is a Vice President and Chief Investment Officer of Wells Management. He is primarily responsible for performing due diligence on properties for acquisition, reviewing all major leasing activities and development and being the primary contact for Wells Management's banks, attorneys, and outside accountants. Prior to joining Wells Management in 1996, Mr. Berndt held several positions with financial, investment and real estate organizations, including Ernst & Young (formerly Ernst & Ernst) and Roe, Martin & Neiman, Inc., a registered investment advisory firm. He also primarily served as in-house counsel and Senior Vice President of Acquisitions for Combined Equities, Inc. and President of Phoenix Financial Corporation, an NASD broker-dealer. He graduated from Samford University with a B.S. in Accounting. Mr. Berndt also received a J.D. from Cumberland Law School and an LL.M. in Taxation from New York University School of Law. Mr. Berndt is a licensed attorney in the State of Alabama and a Certified Public Accountant.

Michael L. Watson is a Vice President of Wells Management. He is primarily responsible for overseeing construction and tenant improvement projects including design, engineering, and progress-monitoring functions. Prior to joining Wells Management in 1995, Mr. Watson was Senior Project Manager with Abrams Construction in Atlanta from 1982 to 1995. His primary responsibilities included supervising a variety of projects consisting of high-rise office buildings, military bases, state projects, and neighborhood shopping centers. He graduated from University of Miami with a B.S. in Civil Engineering.

Wells Management is engaged in the business of real estate management. It was organized and commenced active operations in 1983 to lease and manage real estate projects which Wells Capital and its affiliates operate or in which they own an interest. As of September 30, 2000, Wells Management was managing in excess of 4,293,000 square feet of office buildings and shopping centers. We will pay Wells Management property management and leasing fees not exceeding the lesser of: (A) 4.5% of gross revenues, or (B) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Wells REIT, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as the excess of (1) the aggregate of the fair market value of all properties owned by the Wells REIT (excluding vacant properties), over (2) the aggregate outstanding debt of the Wells REIT (excluding debts having maturities of one year or less). In addition, we may pay Wells Management a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area (customarily equal to the first month's rent).

In the event that Wells Management assists a tenant with tenant improvements, a separate fee may be charged to the tenant and paid by the tenant. This fee will not exceed 5.0% of the cost of the tenant improvements.

Wells Management derives all of its income from its property management and leasing operations. For the fiscal year ended December 31, 1999, Wells Management reported $1,983,066 in gross operating revenues and $400,937 in net income.

Wells Management will hire, direct and establish policies for employees who will have direct responsibility for each property's operations, including resident managers and assistant managers, as well as building and maintenance personnel. Some or all of the other employees may be employed on a part-time basis and may also be employed by one or more of the following:

- Wells Capital;

- Wells Management;

- partnerships organized by Wells Management and its affiliates; and
- other persons or entities owning properties managed by Wells Management.

Wells Management will also direct the purchase of equipment and supplies and will supervise all maintenance activity.

The management fees to be paid to Wells Management will cover, without additional expense to the Wells REIT, the property manager's general overhead costs such as its expenses for rent and utilities.

The principal office of Wells Management is located at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092.

Dealer Manager

Wells Investment Securities, Inc. (Wells Investment Securities), our Dealer Manager, is a member firm of the National Association of Securities Dealers, Inc. (NASD). Wells Investment Securities was organized in May 1984 for the purpose of participating in and facilitating the distribution of securities of Wells programs.

Wells Investment Securities will provide certain wholesaling, sales promotional and marketing assistance services to the Wells REIT in connection with the distribution of the shares offered pursuant to this prospectus. It may also sell a limited number of shares at the retail level. (See "Plan of Distribution" and "Management Compensation.")

Wells Real Estate Funds, Inc. is the sole shareholder of Wells Investment Securities, and Mr. Wells is the President, Treasurer and sole director of Wells Investment Securities. (See "Conflicts of Interest.")

IRA Custodian

Wells Advisors, Inc. (Wells Advisors) was organized in 1991 for the purpose of acting as a non-bank custodian for IRAs investing in the securities of Wells real estate programs. Wells Advisors currently charges no fees for such services. Wells Advisors was approved by the Internal Revenue Service to act as a qualified non-bank custodian for IRAs on March 20, 1992. In circumstances where Wells Advisors acts as an IRA custodian, the authority of Wells Advisors is limited to holding limited partnership units or REIT shares on behalf of the beneficiary of the IRA and making distributions or reinvestments in such units or shares solely at the direction of the beneficiary of the IRA. Well Advisors is not authorized to vote any of such units or shares held in any IRA except in accordance with the written instructions of the beneficiary of the IRA. Mr. Wells is the President and sole director and owns 50% of the common stock and all of the preferred stock of Wells Advisors. As of September 30, 2000, Wells Advisors was acting as the IRA custodian for in excess of $85,843,000 in Wells real estate program investments.

Management Decisions

The primary responsibility for the management decisions of Wells Capital and its affiliates, including the selection of investment properties to be recommended to our board of directors, the negotiation for these investments, and the property management and leasing of these investment properties will reside in Leo F. Wells, III, Douglas P. Williams, M. Scott Meadows, Michael C. Berndt and Allen G. Delenick. Wells Capital seeks to invest in commercial properties that satisfy our investment objectives, typically office buildings located in densely populated suburban markets in which the major

tenant is a company with a net worth of in excess of $100,000,000. The board of

directors must approve all acquisitions of real estate properties.

Management Compensation

The following table summarizes and discloses all of the compensation and fees, including reimbursement of expenses, to be paid by the Wells REIT to Wells Capital and its affiliates.

Form of Compensation and Entity Receiving	Determination of Amount	Estimated Maximum Dollar Amount(1)
	Organizational and Offering Stage	
Selling Commissions - Wells Investment Securities	Up to 7.0% of gross offering proceeds before reallowance of commissions earned by participating broker-dealers. Wells Investment Securities, our Dealer Manager, intends to reallow 100% of commissions earned to participating broker-dealers.	$94,500,000
Dealer Manager Fee - Wells Investment Securities	Up to 2.5% of gross offering proceeds before reallowance to participating broker-dealers. Wells Investment Securities, in its sole discretion, may reallow a portion of its dealer manager fee of up to 1.5% of the gross offering proceeds to be paid to such participating broker-dealers as a marketing fee and due diligence expense reimbursement, based on such factors as the volume of shares sold by such participating broker-dealers, marketing support and bona fide conference fees incurred.	$33,750,000
Reimbursement of Organization and Offering Expenses - Wells Capital or its Affiliates	Up to 3.0% of gross offering proceeds. All organization and offering expenses (excluding selling commissions and the dealer manager fee) will be advanced by Wells Capital or its affiliates and reimbursed by the Wells REIT up to 3.0% of gross offering proceeds. We currently estimate that approximately $18,600,000 of organization and offering costs will be incurred if the maximum offering of 135,000,000 shares is sold.	$18,600,000
	Acquisition and Development Stage	
Acquisition and Advisory Fees - Wells Capital or its Affiliates (2)	Up to 3.0% of gross offering proceeds for the review and evaluation of potential real property acquisitions.	$40,500,000
Reimbursement of Acquisition Expenses - Wells Capital or its Affiliates (2)	Up to 0.5% of gross offering proceeds for reimbursement of expenses related to real property acquisitions, such as legal fees, travel expenses, property appraisals, title insurance premium expenses and other closing costs.	$6,750,000

	Operational Stage	
Property Management and Leasing Fees - Wells	For the management and leasing of our properties, we will pay Wells Management, our Property Manager, property management and leasing fees equal to 4.5% of gross revenues; provided, however, that aggregate property management and leasing fees payable to Wells Management may not exceed the lesser of: (A) 4.5% of gross revenues, or (B) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Wells REIT, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as the excess of (1) the aggregate of the fair market value of all properties owned by the Wells REIT (excluding vacant properties), over (2) the aggregate outstanding debt of the Wells REIT (excluding debts having maturities of one year or less). In addition, we may pay Wells Management a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

	properties as determined by a survey of brokers and agents in such area (customarily equal to the first month's rent).	
Real Estate Commissions - Wells Capital or its Affiliates	In connection with the sale of properties, an amount not exceeding the lesser of: (A) 50% of the reasonable, customary and competitive real estate brokerage commissions customarily paid for the sale of a comparable property in light of the size, type and location of the property, or (B) 3.0% of the contract price of each property sold, subordinated to distributions to investors from sale proceeds of an amount which, together with prior distributions to the investors, will equal (1) 100% of their capital contributions plus (2) an 8.0% annual cumulative, noncompounded return on their net capital contributions.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
Subordinated Participation in Net Sale Proceeds - Wells Capital (3)	After investors have received a return of their net capital contributions and an 8.0% per year cumulative, noncompounded return, then Wells Capital is entitled to receive 10.0% of remaining net sale proceeds.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

Subordinated Incentive Listing Fee - Wells Capital (4)(5)	Upon listing, a fee equal to 10.0% of the amount by which (1) the market value of the outstanding stock of the Wells REIT plus distributions paid by the Wells REIT prior to listing, exceeds (2) the sum of the total amount of capital raised from investors and the amount of cash flow necessary to generate an 8.0% per year cumulative, noncompounded return to investors.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

The Wells REIT may not reimburse any entity for operating expenses in excess of the greater of 2% of our average invested assets or 25% of our net income for the year.

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(Footnotes to "Management Compensation")

1. The estimated maximum dollar amounts are based on the sale of a maximum of 125,000,000 shares to the public at $10 per share and the sale of 10,000,000 shares at $10 per share pursuant to our dividend reinvestment plan.

2. Notwithstanding the method by which we calculate the payment of acquisition fees and expenses, as described in the table, the total of all such acquisition fees and acquisition expenses shall not exceed, in the aggregate, an amount equal to 6.0% of the contract price of all of the properties which we will purchase, as required by the NASAA Guidelines.

3. The subordinated participation in net sale proceeds and the subordinated incentive listing fee to be received by Wells Capital are mutually exclusive of each other. In the event that the Wells REIT becomes listed and Wells Capital receives the subordinated incentive listing fee prior to its receipt of the subordinated participation in net sale proceeds, Wells Capital shall not be entitled to any such participation in net sale proceeds.

4. If at any time the shares become listed on a national securities exchange or included for quotation on Nasdaq, we will negotiate in good faith with Wells Capital a fee structure appropriate for an entity with a perpetual life. A majority of the independent directors must approve the new fee structure negotiated with Wells Capital. In negotiating a new fee structure, the independent directors shall consider all of the factors they deem relevant, including but not limited to:

   . the size of the advisory fee in relation to the size, composition

and profitability of our portfolio;

- the success of Wells Capital in generating opportunities that meet our investment objectives;

- the rates charged to other REITs and to investors other than REITs by advisors performing similar services;

- additional revenues realized by Wells Capital through their relationship with us;

- the quality and extent of service and advice furnished by Wells Capital;

- the performance of our investment portfolio, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations; and

- the quality of our portfolio in relationship to the investments generated by Wells Capital for the account of other clients.

The board, including a majority of the independent directors, may not approve a new fee structure that is, in its judgment, more favorable to Wells Capital than the current fee structure.

5. The market value of the outstanding stock of the Wells REIT will be calculated based on the average market value of the shares issued and outstanding at listing over the 30 trading days beginning 180 days after the shares are first listed on a stock exchange.

We have the option to pay the listing fee in the form of stock, cash, a promissory note or any combination thereof. In the event the subordinated incentive listing fee is paid to Wells Capital as a result of the listing of the shares, we will not be required to pay Wells Capital any further subordinated participation in net sale proceeds.

In addition, Wells Capital and its affiliates will be reimbursed only for the actual cost of goods, services and materials used for or by the Wells REIT. Wells Capital may be reimbursed for the administrative services necessary to the prudent operation of the Wells REIT provided that the reimbursement shall be at the lower of the advisor's actual cost or the amount the Wells REIT would be required to pay to independent parties for comparable administrative services in the same geographic location. We will not reimburse Wells Capital or its affiliates for services for which they are entitled to compensation by way of a separate fee.

Since Wells Capital and its affiliates are entitled to differing levels of compensation for undertaking different transactions on behalf of the Wells REIT such as the property management fees for operating the properties and the subordinated participation in net sale proceeds, the advisor has the ability to affect the nature of the compensation it receives by undertaking different transactions. However, Wells Capital is obligated to exercise good faith and integrity in all its dealings with respect to our affairs pursuant to the advisory agreement. (See "Management -- The Advisory Agreement.") Because these fees or expenses are payable only with respect to certain transactions or services, they may not be recovered by Wells Capital or its affiliates by reclassifying them under a different category.

Stock Ownership

The following table shows, as of September 30, 2000, the amount of our common stock beneficially owned (unless otherwise indicated) by (1) any person who is known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, (2) our directors, (3) our executive officers, and (4) all of our directors and executive officers as a group.

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Shares	Percentage
Leo F. Wells, III (1) 6200 The Corners Parkway, Suite 250 Norcross, GA 30092	344	*
Douglas P. Williams (1) 6200 The Corners Parkway, Suite 250 Norcross, GA 30092	100	*

	Shares Beneficially Owned	
	Shares	Percentage
John L. Bell (2) 800 Mt. Vernon Highway, Suite 230 Atlanta, GA 30328	1,000	*
Richard W. Carpenter (2) Realmark Holdings Corporation P.O. Box 421669 (30342) 5570 Glenridge Drive Atlanta, GA 30342	1,000	*
Bud Carter (2) The Executive Committee 100 Mount Shasta Lane Alpharetta, GA 30022-5440	1,000	*
William H. Keogler, Jr. (2) 469 Atlanta Country Club Drive Marietta, GA 30067	1,000	*
Donald S. Moss (2) 114 Summerour Vale Duluth, GA 30097	12,378	*
Walter W. Sessoms (2) 5995 River Chase Circle NW Atlanta, GA 30328	3,761	*
Neil H. Strickland (2) Strickland General Agency, Inc. 3109 Crossing Park P.O. Box 129 Norcross, GA 30091	1,000	*
Northern Trust Co., Custodian for Wayne County Employees' Retirement System Attn: Laura Santiago P.O. Box 92996 Chicago, IL 60675	2,230,262	8.52%
Police & Fireman Retirement System City of Detroit Attn: Ronald J. Stempin 908 Coleman A. Young Municipal Center Detroit, MI 48226	2,083,333	7.96%
All directors and executive officers as a group /(1)(3)/	21,139	*

* Less than 1% of the outstanding common stock.

(1) Includes 100 shares owned by Wells Capital, which is a wholly-owned subsidiary of Wells Real Estate Funds, Inc. Messrs. Wells and Williams are both control persons of Wells Capital, and Mr. Wells is a control person of Wells Real Estate Funds, Inc. Mr. Williams disclaims beneficial ownership of the shares owned by Wells Capital.

(2) Includes options to purchase up to 1,000 shares of common stock, which are exercisable within 60 days of September 30, 2000.

(3) Includes options to purchase an aggregate of up to 7,000 shares of common stock, which are exercisable within 60 days of September 30, 2000.

Conflicts of Interest

We are subject to various conflicts of interest arising out of our relationship with Wells Capital, our advisor, and its affiliates, including conflicts related to the arrangements pursuant to which Wells Capital and its affiliates will be compensated by the Wells REIT. (See "Management Compensation.")

The independent directors have an obligation to function on our behalf in all situations in which a conflict of interest may arise and will have a fiduciary obligation to act on behalf of the shareholders. These conflicts include, but are not limited to, the following:

Interests in Other Real Estate Programs

Wells Capital and its affiliates are general partners of other Wells programs, including partnerships which have investment objectives similar to those of the Wells REIT, and we expect that they will organize other such partnerships in the future. Wells Capital and such affiliates have legal and financial obligations with respect to these partnerships which are similar to their obligations to the Wells REIT. As general partners, they may have contingent liability for the obligations of such partnerships as well as those of the Wells REIT which, if such obligations were enforced against them, could result in substantial reduction of their net worth.

Wells Capital and its affiliates are currently sponsoring a real estate program known as Wells Real Estate Fund XII, L.P. (Wells Fund XII). The registration statement of Wells Fund XII was declared effective by the Securities and Exchange Commission (SEC) on March 22, 1999 for the offer and sale to the public of up to 7,000,000 units of limited partnership interest at a price of $10.00 per unit. In addition, the initial registration statement of Wells Real Estate Fund XIII, L.P. (Wells Fund XIII) was filed with the SEC on October 31, 2000 for the registration of up to 4,500,000 units of limited partnership interest at a price of $10 per unit. It is intended that the registration of Wells Fund XIII become effective immediately following the termination of the offering of Wells Fund XII, which will occur on or about March 21, 2001.

As described in the "Prior Performance Summary," Wells Capital and its affiliates have sponsored the following 13 other public real estate programs with substantially identical investment objectives as those of the Wells REIT:

1. Wells Real Estate Fund I (Wells Fund I),
2. Wells Real Estate Fund II (Wells Fund II),
3. Wells Real Estate Fund II-OW (Wells Fund II-OW),
4. Wells Real Estate Fund III, L.P. (Wells Fund III),
5. Wells Real Estate Fund IV, L.P. (Wells Fund IV),
6. Wells Real Estate Fund V, L.P. (Wells Fund V),
7. Wells Real Estate Fund VI, L.P. (Wells Fund VI),
8. Wells Real Estate Fund VII, L.P. (Wells Fund VII),
9. Wells Real Estate Fund VIII, L.P. (Wells Fund VIII),
10. Wells Real Estate Fund IX, L.P. (Wells Fund IX),
11. Wells Real Estate Fund X, L.P. (Wells Fund X),
12. Wells Real Estate Fund XI, L.P. (Wells Fund XI), and
13. Wells Real Estate Fund XII, L.P. (Wells Fund XII).

In the event that the Wells REIT, or any other Wells program or other entity formed or managed by Wells Capital or its affiliates is in the market for similar properties, Wells Capital will review the

investment portfolio of each such affiliated entity prior to making a decision as to which Wells program will purchase such properties. (See "Certain Conflict Resolution Procedures.")

Wells Capital may acquire, for its own account or for private

placement, properties which it deems not suitable for purchase by the Wells REIT, whether because of the greater degree of risk, the complexity of structuring inherent in such transactions, financing considerations or for other reasons, including properties with potential for attractive investment returns.

Other Activities of Wells Capital and its Affiliates

We rely on Wells Capital for the day-to-day operation of our business. As a result of its interests in other Wells programs and the fact that it has also engaged and will continue to engage in other business activities, Wells Capital and its affiliates will have conflicts of interest in allocating their time between the Wells REIT and other Wells programs and activities in which they are involved. (See "Risk Factors -- Investment Risks.") However, Wells Capital believes that it and its affiliates have sufficient personnel to discharge fully their responsibilities to all of the Wells programs and ventures in which they are involved.

In addition to the real estate programs sponsored by Wells Capital and its affiliates discussed above, they are also sponsoring an index mutual fund which invests in various REIT stocks known as the Wells S&P REIT Index Fund (REIT Fund). The REIT Fund is a mutual fund which seeks to provide investment results corresponding to the performance of the S&P REIT Index by investing in the REIT stocks included in the S&P REIT Index.

Wells Capital or any of its affiliates may temporarily enter into contracts relating to investment in properties to be assigned to the Wells REIT prior to closing or may purchase property in their own name and temporarily hold title for the Wells REIT provided that such property is purchased by the Wells REIT at a price no greater than the cost of such property, including acquisition and carrying costs, to Wells Capital or the affiliate. Further, Wells Capital or such affiliate may not have held title to any such property on our behalf for more than 12 months prior to the commencement of this offering; Wells Capital or its affiliates shall not sell property to the Wells REIT if the cost of the property exceeds the funds reasonably anticipated to be available for the Wells REIT to purchase any such property; and all profits and losses during the period any such property is held by the Wells REIT or its affiliates will accrue to the Wells REIT. In no event may the Wells REIT:

- loan funds to Wells Capital or any of its affiliates; or

- enter into agreements with Wells Capital or its affiliates for the provision of insurance covering the Wells REIT or any of our properties.

Competition

Conflicts of interest will exist to the extent that we may acquire properties in the same geographic areas where properties owned by other Wells programs are located. In such a case, a conflict could arise in the leasing of properties in the event that the Wells REIT and another Wells program were to compete for the same tenants in negotiating leases, or a conflict could arise in connection with the resale of properties in the event that the Wells REIT and another Wells program were to attempt to sell similar properties at the same time. (See "Risk Factors -- Investment Risks"). Conflicts of interest may also exist at such time as the Wells REIT or our affiliates managing property on our behalf seek to employ developers, contractors or building managers as well as under other circumstances. Wells Capital will seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In

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

Affiliated Dealer Manager

Since Wells Investment Securities, our Dealer Manager, is an affiliate of Wells Capital, we will not have the benefit of an independent due diligence review and investigation of the type normally performed by an unaffiliated, independent underwriter in connection with the offering of securities. (See "Plan of Distribution.")

Affiliated Property Manager

Since we anticipate that properties we acquire will be managed and leased by Wells Management, our Property Manager, we will not have the benefit of independent property management. (See "Management -- Affiliated Companies.")

Lack of Separate Representation

Holland & Knight LLP is counsel to the Wells REIT, Wells Capital, Wells Investment Securities and their affiliates in connection with this offering and may in the future act as counsel to the Wells REIT, Wells Capital, Wells Investment Securities and their affiliates. There is a possibility that in the future the interests of the various parties may become adverse. In the event that a dispute were to arise between the Wells REIT and Wells Capital, Wells Investment Securities or any of their affiliates, separate counsel for such matters will be retained as and when appropriate.

Joint Ventures with Affiliates of Wells Capital

We have entered into joint ventures with other Wells programs to acquire and own properties and are likely to enter into one or more joint venture agreements with other Wells programs for the acquisition, development or improvement of properties. (See "Investment Objectives and Criteria -- Joint Venture Investments.") Wells Capital and its affiliates may have conflicts of interest in determining which Wells program should enter into any particular joint venture agreement. The co-venturer may have economic or business interests or goals which are or which may become inconsistent with our business interests or goals. In addition, should any such joint venture be consummated, Wells Capital may face a conflict in structuring the terms of the relationship between our interests and the interest of the affiliated co-venturer and in managing the joint venture. Since Wells Capital and its affiliates will control both the Wells REIT and the affiliated co-venturer, agreements and transactions between the co-venturers with respect to any such joint venture will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers. (See "Risk Factors -- Investment Risks.")

Receipt of Fees and Other Compensation by Wells Capital and its Affiliates

A transaction involving the purchase and sale of properties may result in the receipt of commissions, fees and other compensation by Wells Capital and its affiliates, including acquisition and advisory fees, the dealer manager fee, property management and leasing fees, real estate brokerage commissions, and participation in nonliquidating net sale proceeds. However, the fees and compensation payable to Wells Capital and its affiliates relating to the sale of properties are subordinated to the return to the shareholders of their capital contributions plus cumulative returns on such capital. Subject to oversight by the board of directors, Wells Capital has considerable discretion with respect to all decisions

relating to the terms and timing of all transactions. Therefore, Wells Capital may have conflicts of interest concerning certain actions taken on our behalf, particularly due to the fact that such fees will generally be payable to Wells Capital and its affiliates regardless of the quality of the properties acquired or the services provided to the Wells REIT. (See "Management Compensation.")

Every transaction we enter into with Wells Capital or its affiliates is subject to an inherent conflict of interest. The board may encounter conflicts of interest in enforcing our rights against any affiliate in the event of a default by or disagreement with an affiliate or in invoking powers, rights or options pursuant to any agreement between us and any affiliate. A majority of

the independent directors who are otherwise disinterested in the transaction must approve each transaction between us and Wells Capital or any of its affiliates as being fair and reasonable to us and on terms and conditions no less favorable to us than those available from unaffiliated third parties.

Certain Conflict Resolution Procedures

In order to reduce or eliminate certain potential conflicts of interest, our articles of incorporation contain a number of restrictions relating to (1) transactions we enter into with Wells Capital and its affiliates, (2) certain future offerings, and (3) allocation of properties among affiliated entities. These restrictions include, among others, the following:

- We will not accept goods or services from Wells Capital or its affiliates unless a majority of the directors, including a majority of the independent directors, not otherwise interested in the transactions approve such transactions as fair and reasonable to the Wells REIT and on terms and conditions not less favorable to the Wells REIT than those available from unaffiliated third parties.

- We will not purchase or lease properties in which Wells Capital or its affiliates has an interest without a determination by a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction, that such transaction is competitive and commercially reasonable to the Wells REIT and at a price to the Wells REIT no greater than the cost of the property to Wells Capital or its affiliates unless there is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In no event will we acquire any such property at an amount in excess of its appraised value. We will not sell or lease properties to Wells Capital or its affiliates or to our directors unless a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction, determine the transaction is fair and reasonable to the Wells REIT.

- We will not make any loans to Wells Capital or its affiliates or to our directors. In addition, Wells Capital and its affiliates will not make loans to us or to joint ventures in which we are a joint venture partner for the purpose of acquiring properties. Any loans made to us by Wells Capital or its affiliates or to our directors for other purposes must be approved by a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction, as fair, competitive and commercially reasonable, and no less favorable to the Wells REIT than comparable loans between unaffiliated parties. Wells Capital and its affiliates shall be entitled to reimbursement, at cost, for actual expenses incurred by them on behalf of the Wells REIT or joint ventures in which we are a joint venture partner, subject to the limitation on reimbursement of operating expenses to the extent that they exceed the greater of 2% of our average invested assets or 25% of our net income, as described in the "Management-- The Advisory Agreement" section of this prospectus.

- In the event that an investment opportunity becomes available which is suitable, under all of the factors considered by Wells Capital, for the Wells REIT and one or more other public or private entities affiliated with Wells Capital and its affiliates, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered such investment opportunity. In determining whether or not an investment opportunity is suitable for more than one program, Wells Capital, subject to

approval by the board of directors, shall examine, among others, the following factors:

- the cash requirements of each program;
- the effect of the acquisition both on diversification of each program's investments by type of commercial property and geographic area, and on diversification of the tenants of its properties;
- the policy of each program relating to leverage of properties;
- the anticipated cash flow of each program;
- the income tax effects of the purchase of each program;
- the size of the investment; and
- the amount of funds available to each program and the length of time such funds have been available for investment.

If a subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of our board of directors and Wells Capital, to be more appropriate for a program other than the program that committed to make the investment, Wells Capital may determine that another program affiliated with Wells Capital or its affiliates will make the investment. Our board of directors has a duty to ensure that the method used by Wells Capital for the allocation of the acquisition of properties by two or more affiliated programs seeking to acquire similar types of properties shall be reasonable.

Investment Objectives and Criteria

General

We invest in commercial real estate properties, including properties which are under development or construction, are newly constructed or have been constructed and have operating histories. Our investment objectives are:

- to maximize cash dividends paid to you;
- to preserve, protect and return your capital contributions;
- to realize growth in the value of our properties upon our ultimate sale of such properties; and
- to provide you with liquidity of your investment by listing the shares on a national exchange or, if we do not obtain listing of the shares by January 30, 2008, by selling our properties and distributing the net proceeds from such sales to you.

We cannot assure you that we will attain these objectives or that our capital will not decrease. We may not change our investment objectives, except upon approval of shareholders holding a majority of the shares.

Decisions relating to the purchase or sale of properties will be made by Wells Capital, as our advisor, subject to approval by the board of directors. See "Management" for a description of the background and experience of the directors and executive officers.

Acquisition and Investment Policies

We will seek to invest substantially all of the offering proceeds available for investment after the payment of fees and expenses in the

acquisition of high grade commercial office buildings, which are newly constructed, under construction, or which have been previously constructed and have operating histories. We are not limited to such investments, however. We may invest in other commercial properties such as shopping centers, business and industrial parks, manufacturing facilities and warehouse and distribution facilities. We will primarily attempt to acquire commercial properties which are less than five years old, the space in which has been leased or preleased to one or more large corporate tenants who satisfy our standards of creditworthiness. (See "Terms of Leases and Tenant Creditworthiness.") The trend of Wells Capital and its affiliates in the most recently sponsored Wells programs, including the Wells REIT, has been to invest primarily in office buildings located in densely populated suburban markets. (See "Description of Properties" and "Prior Performance Summary.")

We will seek to invest in properties that will satisfy the primary objective of providing cash dividends to shareholders. However, because a significant factor in the valuation of income-producing real properties is their potential for future income, we anticipate that the majority of properties we acquire will have both the potential for growth in value and providing cash dividends to shareholders. To the extent feasible, we will strive to invest in a diversified portfolio of properties, in terms of geography, type of property and industry group of our tenants, that will satisfy our investment objectives of maximizing cash available for payment of dividends, preserving our capital and realizing growth in value upon the ultimate sale of our properties.

We anticipate that a minimum of 84% of the proceeds from the sale of shares will be used to acquire real estate properties and the balance will be used to pay various fees and expenses. (See "Estimated Use of Proceeds.")

We will not invest more than 10% of the net offering proceeds available for investment in properties in unimproved or non-income producing properties. A property which is expected to produce income within two years of its acquisition will not be considered a non-income producing property.

Our investment in real estate generally will take the form of holding fee title or a long-term leasehold estate. We will acquire such interests either directly in Wells OP (See "The Operating Partnership Agreement") or indirectly through limited liability companies or through investments in joint ventures, general partnerships, co-tenancies or other co-ownership arrangements with the developers of the properties, affiliates of Wells Capital or other persons. (See "Joint Venture Investments" below.) In addition, we may purchase properties and lease them back to the sellers of such properties. While we will use our best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease" so that we will be treated as the owner of the property for federal income tax purposes, we cannot assure you that the IRS will not challenge such characterization. In the event that any such sale-leaseback transaction is recharacterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. (See "Federal Income Tax Considerations -- Sale-Leaseback Transactions.")

Although we are not limited as to the geographic area where we may conduct our operations, we intend to invest in properties located in the United States.

We are not specifically limited in the number or size of properties we may acquire or on the percentage of net proceeds of this offering which we may invest in a single property. The number and mix of properties we acquire will depend upon real estate and market conditions and other circumstances existing at the time we are acquiring our properties and the amount of proceeds we raise in this offering.

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

Our obligation to close the purchase of any investment will generally be conditioned upon the delivery and verification of certain documents from the seller or developer, including, where appropriate:

- plans and specifications;
- environmental reports;
- surveys;
- evidence of marketable title subject to such liens and encumbrances as are acceptable to Wells Capital;
- audited financial statements covering recent operations of properties having operating histories unless such statements are not required to be filed with the Securities and Exchange Commission and delivered to shareholders; and
- title and liability insurance policies.

We will not close the purchase of any property unless and until we obtain an environmental assessment, a minimum of a Phase I review, for each property purchased and are generally satisfied with the environmental status of the property.

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

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

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

- changes in general economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;

- changes in interest rates and availability of permanent mortgage funds which may render the sale of a property difficult or unattractive;
- changes in tax, real estate, environmental and zoning laws;
- periods of high interest rates and tight money supply which may make the sale of properties more difficult;
- tenant turnover; and
- general overbuilding or excess supply in the market area.

Development and Construction of Properties

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

under construction shall be guaranteed at the price contracted either by an adequate completion bond or performance bond. Wells Capital may rely upon the substantial net worth of the contractor or developer or a personal guarantee accompanied by financial statements showing a substantial net worth provided by an affiliate of the person entering into the construction or development contract as an alternative to a completion bond or performance bond. Development of real estate properties is subject to risks relating to a builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. (See "Risk Factors -- Real Estate Risks.")

We may directly employ one or more project managers to plan, supervise and implement the development of any unimproved properties which we may acquire. Such persons would be compensated directly by the Wells REIT.

Acquisition of Properties from Wells Development Corporation

Although we have rarely done so in the past, we may acquire properties, directly or through joint ventures with affiliated entities, from Wells Development Corporation (Wells Development), a corporation formed by Wells Management as a wholly-owned subsidiary for the purposes of (1) acquiring existing income-producing commercial real estate properties, and (2) acquiring land, developing commercial real properties, securing tenants for such properties, and selling such properties upon completion to the Wells REIT or other Wells programs. In the case of properties to be developed by Wells Development and sold to the Wells REIT, we anticipate that Wells Development will:

- acquire a parcel of land;
- enter into contracts for the construction and development of a commercial building thereon;
- enter into an agreement with one or more tenants to lease all or a majority of the property upon its completion; and
- secure a financing commitment from a commercial bank or other institutional lender to finance the acquisition and development of the property.

Contracts between Wells Development and the Wells REIT will generally provide for the Wells REIT to acquire the developed property upon its completion and upon the tenant taking possession under its lease.

We will be required to pay a substantial sum to Wells Development at the time of entering into the contract as a refundable earnest money deposit to be credited against the purchase price at closing, which Wells Development will apply to the cost of acquiring the land and initial development costs. We expect that the earnest money deposit will represent approximately twenty to thirty percent (20-30%) of the purchase price of the developed property set forth in the purchase contract.

In the case of properties we acquire from Wells Development that have already been developed, Wells Development will be required to obtain an appraisal for the property prior to our contracting with them, and the purchase price we will pay under the purchase contract will not exceed the fair market value of the property as determined by the appraisal. In the case of properties we acquire from Wells Development which have not yet been constructed at the time of contracting, Wells Development will be required to obtain an independent "as built" appraisal for the property prior to our contracting with them, and the purchase price we will pay under the purchase contract will not exceed the anticipated fair market value of the developed property as determined by the appraisal.

We anticipate that Wells Development will use the earnest money deposit received from the Wells REIT upon execution of a purchase contract as partial payment for the cost of the acquisition of the land and construction expenditures. Wells Development will borrow the remaining funds necessary to complete the development of the property from an independent commercial bank or

other institutional lender by pledging the real property, development contracts, leases and all other contract rights relating to the project as security for such borrowing. Our contract with Wells Development will require it to deliver to us at closing title to the property, as well as an assignment of leases. Wells Development will hold the title to the property on a temporary basis only for the purpose of facilitating the acquisition and development of the property prior to its resale to the Wells REIT and other affiliates of Wells Capital.

We may enter into a contract to acquire property from Wells Development notwithstanding the fact that at the time of contracting, we have not yet raised sufficient proceeds to enable us to pay the full amount of the purchase price at closing. We anticipate that we will be able to raise sufficient additional proceeds from the offering during the period between execution of the contract and the date provided in the contract for closing. In the case of properties to be developed by Wells Development, the contract will likely provide that the closing will occur immediately following the completion of the development by Wells Development. However, the contract may also provide that we may elect to close the purchase of the property before the development has been completed, in which case we would obtain an assignment of the construction and development contracts from Wells Development and would complete the construction either directly or through a joint venture with an affiliate. Any contract between the Wells REIT, directly or indirectly through a joint venture with an affiliate, and Wells Development for the purchase of property to be developed by Wells Development will provide that we will be obligated to purchase the property only if:

- Wells Development completes the development of the improvements in accordance with the specifications of the contract, and an approved tenant takes possession of the building under a lease satisfactory to our advisor; and

- we have sufficient proceeds available for investment in properties at closing to pay the balance of the purchase price remaining after payment of the earnest money deposit.

Wells Capital will not cause the Wells REIT to enter into a contract to acquire property from Wells Development if it does not reasonably anticipate that funds will be available to purchase the property at the time of closing. If we enter into a contract to acquire property from Wells Development and, at the time for closing, are unable to purchase the property because we do not have sufficient proceeds available for investment, we will not be required to close the purchase of the property and will be entitled to a refund of our earnest money deposit from Wells Development. Because Wells Development is an entity without substantial assets or operations, however, Wells Development's obligation to refund our earnest money deposit will be guaranteed by Wells Management. See the "Management -- Affiliated Companies" section of this prospectus for a description of Wells Management.

If Wells Management is required to make good on its guaranty, we may not be able to obtain the earnest money deposit from Wells Management in a lump sum since Wells Management's only significant assets are its contracts for property management and leasing services, in which case we would more than likely be required to accept installment payments over some period of time out of Wells Management's operating revenues. (See "Risk Factors -- Real Estate Risks.")

Terms of Leases and Tenant Creditworthiness

The terms and conditions of any lease we enter into with our tenants may vary substantially from those we describe in this prospectus. However, we expect that a majority of our leases will be what is generally referred to as "triple net" leases. A "triple net" lease provides that the tenant will be required to pay or reimburse the Wells REIT for all real estate taxes, sales and use taxes, special assessments, utilities, insurance and building repairs, and other building operation and management costs, in addition to making its lease payments.

Wells Capital has developed specific standards for determining the

creditworthiness of potential tenants of our properties. While authorized to enter into leases with any type of tenant, we anticipate that a majority of our tenants will be large corporations or other entities which have a net worth in excess of $100,000,000 or whose lease obligations are guaranteed by another corporation or entity with a net worth in excess of $100,000,000. As of September 30, 2000, approximately 75% of the aggregate gross rental income of the Wells REIT was derived from tenants which are corporations, each of which at the time of lease execution had a net worth of at least $100,000,000 or whose lease obligations were guaranteed by another corporation having a net worth of at least $100,000,000.

In an attempt to limit or avoid speculative purchases, to the extent possible, Wells Capital will seek to secure, on our behalf, leases with tenants at or prior to the closing of our acquisitions of properties.

We anticipate that tenant improvements required to be funded by the landlord in connection with newly acquired properties will be funded from our offering proceeds. However, at such time as a tenant at one of our properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract new tenants, we will be required to expend substantial funds for tenant improvements and tenant refurbishments to the vacated space. Since we do not anticipate maintaining permanent working capital reserves, we may not have access to funds required in the future for tenant improvements and tenant refurbishments in order to attract new tenants to lease vacated space. (See "Risk Factors -- Real Estate Risks.")

Joint Venture Investments

We have entered into joint ventures in the past, and are likely to enter into joint ventures in the future with affiliated entities for the acquisition, development or improvement of properties for the purpose of diversifying our portfolio of assets. (See "Description of Properties -- Joint Ventures with Affiliates.") In this connection, we will likely enter into joint ventures with Wells Fund XII, Wells Fund XIII or other Wells programs. Wells Capital also has the authority to cause us to enter into joint ventures, general partnerships, co-tenancies and other participations with real estate developers, owners and others for the purpose of developing, owning and operating real properties. (See "Conflicts of Interest.") In determining whether to invest in a particular joint venture, Wells Capital will evaluate the real property which such joint venture owns or is being formed to own under the same criteria described elsewhere in this prospectus for the selection of real estate property investments of the Wells REIT. (See generally "Investment Objectives and Criteria.")

At such time as Wells Capital believes that a reasonable probability exists that we will enter into a joint venture with another Wells program for the acquisition or development of a specific property, this prospectus will be supplemented to disclose the terms of such proposed investment transaction. Based upon Wells Capital's experience, in connection with the development of a property which is currently owned by a Wells program, this would normally occur upon the signing of legally binding purchase agreement for the acquisition of a specific property or leases with one or more major tenants for occupancy at a particular property and the satisfaction of all major contingencies contained in such purchase agreement, but may occur before or after any such time, depending upon the particular circumstances surrounding each potential investment. You should not rely upon such initial disclosure of any proposed transaction as an assurance that we will ultimately consummate the proposed transaction or that the information we provide in any supplement to this prospectus concerning any proposed transaction will not change after the date of the supplement.

We intend to enter into joint ventures with other Wells programs for the acquisition of properties, but we may only do so provided that:

- a majority of our directors, including a majority of the independent directors, approve the transaction as being fair and reasonable to the Wells REIT;

- the investment by the Wells REIT and such affiliate are on substantially the same terms and conditions; and

. we will have a right of first refusal to buy if such co-venturer elects to sell its interest in the property held by the joint venture.

In the event that the co-venturer were to elect to sell property held in any such joint venture, however, we may not have sufficient funds to exercise our right of first refusal to buy the other co-venturer's interest in the property held by the joint venture. In the event that any joint venture with an affiliated entity holds interests in more than one property, the interest in each such property may be specially allocated based upon the respective proportion of funds invested by each co-venturer in each such property. Entering into joint ventures with other Wells programs will result in certain conflicts of interest. (See "Conflicts of Interest -- Joint Ventures with Affiliates of Wells Capital.")

Borrowing Policies

While we strive for diversification, the number of different properties we can acquire will be affected by the amount of funds available to us. See "Description of Properties -- Real Estate Loans" for a description of our existing loans and the outstanding loan balances.

Our ability to increase our diversification through borrowing could be adversely impacted by banks and other lending institutions reducing the amount of funds available for loans secured by real estate. When interest rates on mortgage loans are high or financing is otherwise unavailable on a timely basis, we may purchase certain properties for cash with the intention of obtaining a mortgage loan for a portion of the purchase price at a later time.

There is no limitation on the amount we may invest in any single improved property or on the amount we can borrow for the purchase of any property. The NASAA Guidelines only limit our borrowing to 75% of the value of all properties unless any excess borrowing is approved by a majority of the independent directors and is disclosed to shareholders in our next quarterly report. However, under our articles of incorporation, we have a self-imposed limitation on borrowing which precludes us from borrowing in the aggregate in excess of 50% of the value of all of our properties. As of December 10, 2000, we had an aggregate debt leverage ratio of 10% of the value of our properties.

By operating on a leveraged basis, we will have more funds available for investment in properties. This will allow us to make more investments than would otherwise be possible, resulting in a more diversified portfolio. Although our liability for the repayment of indebtedness is expected to be limited to the value of the property securing the liability and the rents or profits derived therefrom, our use of leveraging increases the risk of default on the mortgage payments and a resulting foreclosure of a particular property. (See "Risk Factors -- Real Estate Risks.") To the extent that we do not obtain mortgage loans on our properties, our ability to acquire additional properties will be restricted. Wells Capital will use its best efforts to obtain financing on the most favorable terms available to us. Lenders may have recourse to assets not securing the repayment of the indebtedness.

Wells Capital will refinance properties during the term of a loan only in limited circumstances, such as when a decline in interest rates makes it beneficial to prepay an existing mortgage, when an existing mortgage matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include an increased cash flow resulting from reduced debt service requirements, an increase in dividend distributions from proceeds of the refinancing, if any, and/or an increase in property ownership if some refinancing proceeds are reinvested in real estate.

We may not borrow money from any of our directors or from Wells Capital and its affiliates for the purpose of acquiring real properties. Any loans by such parties for other purposes must be approved by a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction, as fair, competitive and commercially reasonable and no less favorable to the Wells REIT than comparable loans between unaffiliated parties.

Disposition Policies

We intend to hold each property we acquire for an extended period. However, circumstances might arise which could result in the early sale of some properties. A property may be sold before the end of the expected holding period if:

- the tenant has involuntarily liquidated;

- in the judgment of Wells Capital, the value of a property might decline substantially;
- an opportunity has arisen to improve other properties;
- we can increase cash flow through the disposition of the property;
- the tenant is in default under the lease; or
- in our judgment, the sale of the property is in our best interests.

The determination of whether a particular property should be sold or otherwise disposed of will be made after consideration of relevant factors, including prevailing economic conditions, with a view to achieving maximum capital appreciation. We cannot assure you that this objective will be realized. The selling price of a property which is net leased will be determined in large part by the amount of rent payable under the lease. If a tenant has a repurchase option at a formula price, we may be limited in realizing any appreciation. In connection with our sales of properties we may lend the purchaser all or a portion of the purchase price. In these instances, our taxable income may exceed the cash received in the sale. (See "Federal Income Considerations -- Failure to Qualify as a REIT.") The terms of payment will be affected by custom in the area in which the property being sold is located and the then-prevailing economic conditions.

If our shares are not listed for trading on a national securities exchange or included for quotation on Nasdaq by January 30, 2008, our articles of incorporation require us to begin the sale of all of our properties and distribution of the net sale proceeds to you in liquidation of the Wells REIT. In making the decision to apply for listing of our shares, the directors will try to determine whether listing our shares or liquidating our assets will result in greater value for the shareholders. It cannot be determined at this time the circumstances, if any, under which the directors will agree to list our shares. Even if our shares are not listed or included for quotation, we are under no obligation to actually sell our portfolio within this period since the precise timing will depend on real estate and financial markets, economic conditions of the areas in which the properties are located and federal income tax effects on shareholders which may prevail in the future. Furthermore, we cannot assure you that we will be able to liquidate our assets, and it should be noted that we will continue in existence until all properties are sold and our other assets are liquidated.

Investment Limitations

Our articles of incorporation place numerous limitations on us with respect to the manner in which we may invest our funds in accordance with various NASAA Guideline provisions. These limitations cannot be changed unless our articles of incorporation are amended, which requires the approval of the shareholders. Unless the articles are amended, we will not:

- invest in commodities or commodity futures contracts, except for futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgages;
- invest in real estate contracts of sale, otherwise known as land sale contracts, unless the contract is in recordable form and is appropriately recorded in the chain of title;

. make or invest in mortgage loans except in connection with a sale or other disposition of a property;

. make or invest in mortgage loans unless an appraisal is obtained concerning the underlying property except for those mortgage loans insured or guaranteed by a government or government agency. Mortgage debt on any property shall not exceed such property's appraised value. In cases where the board of directors determines, and in all cases in which the transaction is with any of our directors or Wells Capital and its affiliates, such appraisal shall be obtained from an independent appraiser. We will maintain such appraisal in our records for at least five years and it will be available for your inspection and duplication. We will also obtain a mortgagee's or owner's title insurance policy as to the priority of the mortgage;

. make or invest in mortgage loans that are subordinate to any mortgage or equity interest of any of our directors, Wells Capital or its affiliates;

. make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property as determined by appraisal unless substantial justification exists because of the presence of other underwriting criteria;

. invest in junior debt secured by a mortgage on real property which is subordinate to the lien or other senior debt except where the amount of such junior debt plus any senior debt exceeds 90% of the appraised value of such property, if after giving effect thereto, the value of all such mortgage loans of the Wells REIT would not then exceed 25% of our net assets, which shall mean our total assets less our total liabilities;

. borrow in excess of 50% of the aggregate value of all properties owned by us, provided that we may borrow in excess of 50% of the value of an individual property;

. engage in any short sale or borrow on an unsecured basis, if the borrowing will result in asset coverage of less than 300%. "Asset coverage," for the purpose of this clause, means the ratio which the value of our total assets, less all liabilities and indebtedness for unsecured borrowings, bears to the aggregate amount of all of our unsecured borrowings;

. make investments in unimproved property or indebtedness secured by a deed of trust or mortgage loans on unimproved property in excess of 10% of our total assets;

. issue equity securities on a deferred payment basis or other similar arrangement;

. issue debt securities in the absence of adequate cash flow to cover debt service;

. issue equity securities which are non-voting or assessable;

. issue "redeemable securities" as defined in Section 2(a)(32) of the Investment Company Act of 1940;

. grant warrants or options to purchase shares to officers or affiliated directors or to Wells Capital or its affiliates except on the same terms as the options or warrants are sold to the general public and the amount of the options or warrants does not exceed an amount equal to 10% of the outstanding shares on the date of grant of the warrants and options;

- engage in trading, as compared with investment activities, or engage in the business of underwriting or the agency distribution of securities issued by other persons;

- invest more than 5% of the value of our assets in the securities of any one issuer if the investment would cause us to fail to qualify as a REIT;

- invest in securities representing more than 10% of the outstanding voting securities of any one issuer if the investment would cause us to fail to qualify as a REIT; or

- lend money to Wells Capital or its affiliates.

Wells Capital will continually review our investment activity to attempt to ensure that we do not come within the application of the Investment Company Act of 1940. Among other things, Wells Capital will attempt to monitor the proportion of our portfolio that is placed in various investments so that we do not come within the definition of an "investment company" under the act. If at any time the character of our investments could cause us to be deemed an investment company for purposes of the Investment Company Act of 1940, we will take the necessary action to attempt to ensure that we are not deemed to be an "investment company."

Change in Investment Objectives and Limitations

Our articles of incorporation require that the independent directors review our investment policies at least annually to determine that the policies we are following are in the best interest of the shareholders. Each determination and the basis therefor shall be set forth in our minutes. The methods of implementing our investment policies also may vary as new investment techniques are developed. The methods of implementing our investment objectives and policies, except as otherwise provided in the organizational documents, may be altered by a majority of the directors, including a majority of the independent directors, without the approval of the shareholders.

Description of Properties

General

As of December 10, 2000, we had purchased interests in 26 real estate properties located in 15 states, all of which are leased to tenants on a triple-net basis. The cost of each of the properties will be depreciated for tax purposes over a 40 year period on a straight-line basis. We believe all of the properties are adequately covered by insurance and are suitable for their intended purposes. The following table provides certain additional information about these properties.

Tenant	Property Location	% Owned	Purchase Price	Square Feet	Annual Rent	Lease Expiration
Motorola, Inc.	Plainfield, NJ	100%	$33,648,156	236,710	$3,324,428	10/2010
Quest Software, Inc.	Irvine, CA	13.9%	$ 7,193,000	65,006	$1,287,119	12/2003
Delphi Automotive Systems, LLC	Troy, MI	100%	$19,800,000	107,152	$1,848,372	04/2007
Avnet, Inc.	Tempe, AZ	100%	$13,250,000	132,070	$1,516,164	04/2010
Siemens Automotive Corp.	Troy, MI	50%	$14,265,000	77,054	$1,309,918	08/2010
Motorola, Inc.	Tempe, AZ	100%	$16,000,000	133,225	$1,843,834	08/2005
ASM Lithography, Inc.	Tempe, AZ	100%	$17,355,000	95,133	$1,927,788	06/2013
Dial Corporation	Scottsdale, AZ	100%	$14,250,000	129,689	$1,387,672	08/2008

Tenant	Property Location	% Owned	Purchase Price	Square Feet	Annual Rent	Lease Expiration
Metris Direct, Inc.	Tulsa, OK	100%	$12,700,000	101,100	$1,187,925	01/2010
Cinemark USA, Inc./ The Coca Cola Co.	Plano, TX	100%	$21,800,000	66,024/ 52,084	$1,366,491/ $1,302,100	12/2009 11/2006
The Gartner Group, Inc.	Ft. Myers, FL	56.8%	$ 8,320,000	62,400	$ 790,642	12/2008
Marconi Data Systems, Inc.	Wood Dale, IL	100%	$32,630,940	250,354	$2,838,952	11/2011
Johnson Matthey, Inc.	Tredyffrin Township, PA	57%	$ 8,000,000	130,000	$ $789,750	06/2007
Alstom Power, Inc.(1)	Richmond, VA	100%	$11,400,000	102,000	$1,183,731	07/2007
Sprint Communications Company, L.P.	Leawood, KA	56.8%	$ 9,500,000	68,900	$ 999,048	05/2007
EYBL Cartex, Inc.	Greenville, SC	56.8%	$ 5,085,000	169,510	$ 508,530	02/2008
Matsushita Avionics Systems Corporation(1)	Lake Forest, CA	100%	$18,400,000	150,000	$1,830,000	01/2007
Pennsylvania Cellular Telephone Corp.	Harrisburg, PA	100%	$12,291,200	81,859	$1,416,221	11/2007
Pricewaterhouse-Coopers, LLP	Tampa, FL	100%	$21,127,854	130,091	$1,915,741	12/2008
Fairchild Technologies U.S.A., Inc.	Fremont, CA	77.5%	$ 8,900,000	58,424	$ 867,324	11/2004
Cort Furniture Rental Corporation	Fountain Valley, CA	43.7%	$ 6,400,000	52,000	$ 758,964	10/2003
Iomega Corporation	Ogden City, UT	3.7%	$ 5,025,000	108,000	$ 659,868	07/2006
ODS Technologies, L.P. and GAIAM, Inc.	Broomfield, CO	3.7%	$ 8,275,000	51,974	$ 913,908	10/2001
Ohmeda, Inc.	Louisville, CO	3.7%	$10,325,000	106,750	$1,004,520	01/2005
Alstom Power, Inc.	Knoxville, TN	3.7%	$ 7,900,000	87,000	$1,106,520	12/2007
Avaya, Inc.	Oklahoma City, OK	3.7%	$ 5,504,276	55,017	$ 508,383	01/2008

(1) Includes the actual costs incurred by Wells OP to develop and construct the building in addition to the purchase price of the land.

Joint Ventures with Affiliates

The Wells Fund VIII-Fund IX-REIT Joint Venture

Wells OP entered into a Joint Venture Agreement with the Fund VIII-IX Joint Venture known as the Wells Fund VIII-Fund IX-REIT Joint Venture (VIII-IX-REIT Joint Venture) for the purpose of the ownership, leasing, operation, sale and management of the Quest Building. The investment objectives of Wells Fund VIII and Wells Fund IX are substantially identical to our investment objectives.

The Quest Building was originally purchased by the Fund VIII-IX Joint Venture in January 1997. On June 9, 2000, the Fund VIII-IX Joint Venture entered into a lease for the Quest Building with Quest Software, Inc. (Quest) and subsequently contributed the Quest Building to the VIII-IX-REIT Joint Venture as its capital contribution at an agreed upon value of $7,612,733. Wells OP is anticipated to contribute a total of approximately $1,250,000 as its capital contribution to the VIII-IX-REIT Joint Venture to fund the necessary tenant improvements required under the lease with Quest, leasing commissions and costs and expenses associated with the transfer of the Quest Building to the VIII-IX-REIT Joint Venture.

The VIII-IX-REIT Joint Venture Agreement provides that all income, loss, profit, net cash flow, resale gain and sale proceeds of the VIII-IX-REIT Joint Venture are to be allocated and distributed between Wells OP, Wells Fund VIII and Wells Fund IX based upon their respective capital contributions to the joint venture. As of December 10, 2000, the joint venture partners of the VIII-IX-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$1,230,826	13.9%
Wells Fund VIII	$4,171,778	47.2%
Wells Fund IX	$3,440,955	38.9%

The Wells Fund XII-REIT Joint Venture

Wells Fund XII and Wells OP entered into a Joint Venture Partnership Agreement for the purpose of acquiring, owning, leasing, operating and managing real properties. The joint venture partnership is known as the Wells Fund XII-REIT Joint Venture Partnership (XII-REIT Joint Venture). The investment objectives of Wells Fund XII are substantially identical to our investment objectives.

The XII-REIT Joint Venture Agreement provides that all income, loss, profit, net cash flow, resale gain and sale proceeds of the XII-REIT Joint Venture are to be allocated and distributed between Wells OP and Wells Fund XII based upon their respective capital contributions to the joint venture. As of December 10, 2000, the joint venture partners of the XII-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$7,096,245	50.00%
Wells Fund XII	$7,096,245	50.00%

The XII-REIT Joint Venture owns the Siemens Building, which is described below.

The Wells Fund XI-Fund XII-REIT Joint Venture

Wells OP entered into an Amended and Restated Joint Venture Partnership Agreement with Wells Fund XI and Wells Fund XII for the purpose of the acquisition, ownership, development, leasing, operation, sale and management of real properties known as The Wells Fund XI-Fund XII-REIT Joint Venture (XI-XII-REIT Joint Venture). The XI-XII-REIT Joint Venture was originally formed on May 1, 1999 between Wells OP and Wells Fund XI. On June 21, 1999, Wells Fund XII was admitted to the XI-XII-REIT Joint Venture as a joint venture partner. The investment objectives of Wells Fund XI and Wells Fund XII are substantially identical to our investment objectives.

The XI-XII-REIT Joint Venture Agreement provides that all income, profit, loss, cash flow, resale gain, resale loss and sale proceeds of the XI-XII-REIT Joint Venture will be allocated and distributed among Wells OP, Wells Fund XI and Wells Fund XII based on their respective capital contributions to the joint venture. As of December 10, 2000, the joint venture partners of the XI-XII-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$ 17,641,211	56.77%
Wells Fund XI	$ 8,131,351	26.17%
Wells Fund XII	$ 5,300,000	17.06%

The XI-XII-REIT Joint Venture owns the EYBL CarTex Building, the Sprint

Building, the Johnson Matthey Building and the Gartner Building, which are described below.

The Fund IX, Fund X, Fund XI and REIT Joint Venture

Wells OP entered into an Amended and Restated Joint Venture Agreement with Wells Fund IX, Wells Fund X and Wells Fund XI, known as The Fund IX, Fund X, Fund XI and REIT Joint Venture (IX-X-XI-REIT Joint Venture) for the purpose of the acquisition, ownership, development, leasing, operation, sale and management of real properties. The IX-X-XI-REIT Joint Venture, formerly known as Fund IX and X Associates, was originally formed on March 20, 1997 between Wells Fund IX and Wells Fund X. On June 11, 1998, Wells OP and Wells Fund XI were admitted as joint venture partners to the IX-X-XI-REIT Joint Venture. The investment objectives of Wells Fund IX, Wells Fund X and Wells Fund XI are substantially identical to our investment objectives.

The IX-X-XI-REIT Joint Venture Agreement provides that all income, profit, loss, cash flow, resale gain, resale loss and sale proceeds of the IX-X-XI-REIT Joint Venture will be allocated and distributed among Wells OP, Wells Fund IX, Wells Fund X and Wells Fund XI based on their respective capital contributions to the IX-X-XI-REIT Joint Venture. As of December 10, 2000, the joint venture partners of the IX-X-XI-REIT Joint Venture had made the following contributions and held the following equity percentage interests:

Joint Venture Partner	Capital Contribution	Equity Interest
Wells OP	$ 1,421,466	3.74%
Wells Fund IX	$14,833,708	39.00%
Wells Fund X	$18,420,162	48.43%
Wells Fund XI	$ 3,357,436	8.83%

The IX-X-XI-REIT Joint Venture owns the Avaya Building, the Alstom Power Knoxville Building, the Ohmeda Building, the Interlocken Building and the Iomega Building, which are described below.

The Fremont Joint Venture

Wells OP entered into a Joint Venture Agreement known as Wells/Fremont Associates (Fremont Joint Venture) with Fund X and Fund XI Associates (X-XI Joint Venture), a joint venture between Wells Fund X and Wells Fund XI. The purpose of the Fremont Joint Venture is the acquisition, ownership, leasing, operation, sale and management of real properties, including, but not limited to, the Fairchild Building.

As of December 10, 2000, Wells OP had made total capital contributions to the Fremont Joint Venture of $6,983,110 and held an equity percentage interest in the Fremont Joint Venture of 77.50%, and the Fund X-XI Joint Venture had made total capital contributions to the Fremont Joint Venture of $2,000,000 and held an equity percentage interest in the Fremont Joint Venture of 22.50%.

The Cort Joint Venture

Wells OP entered into a Joint Venture Agreement with the X-XI Joint Venture known as Wells/Orange County Associates (Cort Joint Venture) for the purpose of the acquisition, ownership, leasing, operation, sale and management of real properties, including, but not limited to, the Cort Furniture Building.

As of December 10, 2000, Wells OP had made total capital contributions to the Cort Joint Venture of $2,871,430 and held an equity percentage interest in the Cort Joint Venture of 43.67%, and the Fund X-XI Joint Venture made total capital contributions to the Cort Joint Venture of $3,695,000 and held an equity percentage interest in the Cort Joint Venture of 56.33%.

General Provisions of Joint Venture Agreements

Wells OP is acting as the initial Administrative Venturer of the VIII-IX-REIT Joint Venture, the XII-REIT Joint Venture, the XI-XII-REIT Joint Venture, the IX-X-XI-REIT Joint Venture, the Fremont Joint Venture and the Cort Joint Venture and, as such, is responsible for establishing policies and operating procedures with respect to the business and affairs of each of these joint ventures. However, approval of the other joint venture partners will be required for any major decision or any action which materially affects these joint ventures or their real property investments.

The XII-REIT Joint Venture Agreement, the XI-XII-REIT Joint Venture Agreement and the IX-X-XI-REIT Joint Venture Agreement each allow any joint venture partner to make a buy/sell election upon receipt by any other joint venture partner of a bona fide third-party offer to purchase all or substantially all of the properties or the last remaining property of the respective joint venture. Upon receipt of notice of such third-party offer, each joint venture partner must elect within 30 days after receipt of the notice to either (1) purchase the entire interest of each venture partner that wishes to accept the offer on the same terms and conditions as the third-party offer to purchase, or (2) consent to the sale of the properties or last remaining property pursuant to such third-party offer.

The Motorola Plainfield Building

The Motorola Plainfield Building is a three-story office building containing approximately 236,710 rentable square feet on a 34.5 acre tract of land. Wells OP purchased the Motorola Plainfield Building on November 1, 2000 for a purchase price of $33,648,156. In consideration for a reduction of the

purchase price and immediate occupancy of the Motorola Plainfield Building, Wells OP agreed to assume a liability in the amount of $424,760 in the form of a rental guaranty from Motorola, Inc. (Motorola) for the remainder of Motorola's previous lease. Construction of the Motorola Plainfield Building was completed in 1976.

The Motorola Plainfield Building is located near Rutgers University in Middlesex County, partially in the Borough of South Plainfield and partially in the Township of Edison.

The Motorola Plainfield Building is leased to Motorola. Motorola is a global leader in providing integrated communications solutions and embedded electronic solutions, including software-enhanced wireless telephones, two-way radios and digital and analog systems and set-top terminals for broadband cable television operators.

The initial term of the Motorola lease is ten years which commenced on November 1, 2000 and expires on October 31, 2010. Motorola has the right to extend the Motorola lease for two additional five-year periods of time for a base rent equal to the greater of (i) the last year's rent, or (ii) 95% of the then-current "fair market rental rate." The base rent payable for the initial lease term is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-5	$ 3,324,428	$ 277,036
Years 6-10	$ 3,557,819	$ 296,485

The Motorola lease grants Motorola a right of first refusal to purchase the Motorola Plainfield Building if Wells OP attempts to sell the property during the term of the lease.

Additionally, upon giving written notice to Wells OP, Motorola has an expansion right for an additional 143,000 rentable square feet. Upon completion of the expansion, the term of the Motorola lease shall be extended an additional

ten years after Motorola occupies the expansion space. The base rent for the expansion space shall be determined by the construction costs and fees for the expansion. The base rent for the original building for the extended ten-year period shall be the greater of (i) the then-current base rent, or (ii) 95% of the then-current "fair market rental rate."

The Quest Building

The Quest Building (formerly the Bake Parkway Building) is a two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre tract of land in Irvine, California. Construction of the Quest Building was completed in 1984 and the building was refurbished in 1996. The VIII-IX Joint Venture purchased the Quest Building on January 10, 1997 for a purchase price of $7,193,000. On July 1, 2000, the VIII-IX Joint Venture contributed the Quest Building to the VIII-IX-REIT Joint Venture and was credited with making a capital contribution to the joint venture in the amount of $7,612,733. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources.")

The Quest Building is currently leased to Quest Software, Inc. (Quest). Quest is a publicly traded corporation that provides software database management and disaster recovery services for its clients. Quest was established in April 1987 to develop and market software products to help insure uninterrupted, high performance access to enterprise and custom computing applications and databases. Quest has organized their product offerings to target application development and deployment, performance and availability, and information delivery needs of the Oracle and other open systems markets. Quest has grown to more than 1,000 people worldwide and has more than 5,000 installed

customer sites.

The initial term of the lease is 42 months which commenced on June 9, 2000 and expires on December 31, 2003. The base rent payable for the initial six months of the lease was $326,700. The annual base rent payable for the remaining portion of the initial lease term is $1,287,119. Quest has the right to extend the lease for two additional one-year periods of time at an annual base rent of $1,365,126.

The Delphi Building

The Delphi Building is a three-story office building containing approximately 107,152 rentable square feet on a 5.52 acre tract of land. Wells OP purchased the Delphi Building on June 29, 2000 for a purchase price of $19,800,000. Construction of the Delphi Building was completed in May 2000.

The Delphi Building is located in Troy, Oakland County, Michigan, in the heart of what is generally called "Automation Alley."

The Delphi Building is leased to Delphi Automotive Systems LLC (Delphi LLC). Delphi LLC is a wholly-owned subsidiary of Delphi Automotive Systems Corporation (Delphi), formally the Automotive Components Group of General Motors, which was spun off from General Motors in May 1999. Delphi is the world's largest automotive components supplier and sells its products to almost every major manufacturer of light vehicles in the world.

The initial term of the Delphi lease is seven years which commenced on May 1, 2000 and expires on April 30, 2007. Delphi LLC has the right to extend the Delphi lease for two additional five-year periods of time at 95% of the then-current fair market rental rate. The base rent payable for the initial lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 1	$ 1,848,372	$ 154,031
Year 2	$ 1,901,948	$ 158,496

Year 3	$ 1,955,524	$ 162,960
Year 4	$ 2,009,100	$ 167,425
Year 5	$ 2,062,676	$ 171,890
Year 6	$ 2,116,252	$ 176,354
Year 7	$ 2,169,828	$ 180,819

The Avnet Building

The Avnet Building is a two-story office building containing approximately 132,070 rentable square feet on a 9.63 acre tract of land located in Tempe, Arizona. Wells OP purchased the Avnet Building on June 12, 2000 for a purchase price of $13,250,000. Construction of the Avnet Building was completed in April 2000.

The Avnet Building is located on a 9.63 acre tract of land within the Arizona State University Research Park. The land upon which the Avnet Building is situated is subject to a long-term ground lease with Price-Elliott Research Park, Inc.

The Avnet Building is subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

The Avnet Building is leased to Avnet, Inc. (Avnet). Avnet is a Fortune 300 company and one of the world's largest industrial distributors of electronic components and computer products, including microprocessors, semi-conductors and electromechanical devices, serving customers in 60 countries. Additionally, Avnet distributes a variety of computer products to consumers and resellers. Avnet sells products of more than 100 of the world's leading component manufacturers to customers around the world.

The initial term of the Avnet lease is ten years which commenced on May 1, 2000 and expires on April 30, 2010. Avnet has the right to extend the Avnet lease for two additional five-year periods of time. The yearly rent payable for the first three years of each extension period will be at the current fair market rental rate at the end of the preceding term. The yearly rent payable for the fourth and fifth years of each extension period will be the current fair market rental rate at the end of the preceding term multiplied by a factor of 1.093.

The base rent payable for the initial lease term is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-3	$ 1,516,164	$ 126,347
Years 4-6	$ 1,657,479	$ 138,123
Years 7-10	$ 1,812,000	$ 151,000

Avnet has a right of first refusal to purchase the Avnet Building if Wells OP attempts to sell the Avnet Building during the term of the Avnet lease.

Avnet also has an expansion option which allows Avnet the ability to expand the Avnet Building during the term of the Avnet lease. Wells OP has the option to undertake the expansion or allow Avnet to undertake the expansion at its own expense, subject to certain terms and conditions.

The Avnet ground lease commenced on April 5, 1999 and expires on September 30, 2083. The ground lease payments required pursuant to the Avnet ground lease are as follows:

Lease Years	Annual Rent
Years 1-10	$ 230,777
Years 11-20	$ 302,108
Years 21-30	$ 390,223
Years 31-40	10% of fair market value of land in year 30
Years 41-50	Rent from year 45 plus 3% per year increase
Years 51-60	Rent from year 55 plus 3% per year increase
Years 61-70	10% of fair market value of land in Year 65
Years 71-85	Rent from year 75 plus 3% per year increase

Wells OP has the right to terminate the Avnet ground lease prior to the expiration of the 30/th/ year.

The Siemens Building

The Siemens Building is a three-story office building containing approximately 77,054 rentable square feet on a 5.3 acre tract of land located in Troy, Michigan. The XII-REIT Joint Venture purchased the Siemens Building on May 10, 2000 for a purchase price of $14,265,000. The Siemens Building is located at 4685 Investment Drive in Troy Michigan in the heart of "Automation Alley."

The Siemens Building is leased to Siemens Automotive Corporation (Siemens). Siemens is a subsidiary of Siemens Corporation USA, a domestic corporation which conducts the American operations of Siemens AG, the world's second largest manufacturer of electronic capital goods. Siemens, part of the worldwide Automotive Systems Group of Siemens AG, is a supplier of advanced electronic and electrical products and systems to automobile manufacturers.

The initial term of the Siemens lease is ten years which commenced on March 3, 2000 and expires on August 31, 2010. Siemens has the right to extend the Siemens lease for two additional five-year periods of time at 95% of the then-current fair market rental rate. The base rent payable for the initial lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 1	$ 1,309,918	$ 109,160
Year 2	$ 1,342,281	$ 111,857
Year 3	$ 1,374,643	$ 114,554
Year 4	$ 1,407,006	$ 117,251
Year 5	$ 1,439,369	$ 119,947
Year 6	$ 1,471,731	$ 122,644
Year 7	$ 1,504,094	$ 125,341
Year 8	$ 1,536,457	$ 128,038
Year 9	$ 1,568,819	$ 130,735
Year 10 and first 6 months of Year 11	$ 1,601,182	$ 133,432

Siemens has a one-time right to cancel the Siemens lease effective after the 90th month of the lease term if Siemens (a) provides written notice of such cancellation on or before the last day of the 78th month, and (b) pays a cancellation fee to the XII-REIT Joint Venture currently calculated to be approximately $1,234,160.

The Motorola Tempe Building

The Motorola Tempe Building is a two-story office building containing approximately 133,225 rentable square feet in Tempe, Arizona. Wells OP purchased the Motorola Tempe Building on March 29, 2000 for a purchase price of $16,000,000. Construction of the Motorola Tempe Building was completed in July 1998.

The Motorola Tempe Building is located on a 12.44 acre tract of land at 8075 South River Parkway within the Arizona State University Research Park. The land upon which the Motorola Tempe Building is situated is subject to a long-term ground lease with Price-Elliott Research Park, Inc.

The Motorola Tempe Building is subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

The Motorola Tempe Building is leased to Motorola, Inc. (Motorola). The Motorola Tempe Building is occupied by Motorola's Satellite Communications Division (SATCOM). SATCOM is a worldwide developer and manufacturer of space and ground communications equipment and systems. SATCOM is the prime contractor for the Iridium System and is primarily engaged in computer design and development functions.

The initial term of the Motorola lease is seven years which commenced on August 17, 1998 and

expires on August 31, 2005. Motorola has the right to extend the Motorola lease for four additional five-year periods of time at the then-prevailing market rental rate. The rent payable under the Motorola lease, out of which Wells OP will be required to make the ground lease payments described below, is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-4	$ 1,843,834	$ 153,653
Years 5-7	$ 2,054,329	$ 171,194

Motorola has an expansion option which allows Motorola the ability to expand the building between 21,000 and 40,000 rentable square feet with additional parking spaces to be constructed by Wells OP. Motorola must exercise its expansion right before August 17, 2001. In the event that Motorola exercises its expansion option, the rent on the expansion space will be calculated based upon a 10.5% return on costs of the expansion, including construction costs, and Wells OP will be entitled to a development fee in an amount equal to 8% of the cost of the construction of the expansion building shell.

The Motorola ground lease commenced November 19, 1997 and expires on December 31, 2082. The ground lease payments required pursuant to the Motorola ground lease are as follows:

Lease Years	Annual Rent
Years 1-15	$ 243,825
Years 16-25	$ 357,240

Years 26-35	$ 466,015
Years 36-45	10% of Fair Market Value of Land in year 35
Years 46-55	Rent from year 45 plus 3% per year increase
Years 56-65	Rent from year 55 plus 3% per year increase
Years 66-75	10% of Fair Market Value in year 65
Years 76-85	Rent from year 75 plus 3% per year increase

Wells OP has the right to terminate the Motorola ground lease prior to the expiration of the 30th year and prior to the expiration of each subsequent ten-year period thereafter.

The ASML Building

The ASML Building is a two-story office and warehouse building containing approximately 95,133 rentable square feet located in Tempe, Arizona. Wells OP purchased the ASML Building on March 29, 2000 for a purchase price of $17,355,000. Construction on the ASML Building was completed in June 1995.

The ASML Building is located on a 9.51 acre tract of land at 8555 South River Parkway within the Arizona State University Research Park. The land upon which the ASML Building is situated is subject to a long-term ground lease with Price-Elliott Research Park, Inc.

The ASML Building is subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

The ASML Building is leased to ASM Lithography, Inc. (ASML). ASML is a wholly-owned subsidiary of ASM Lithography Holdings NV (ASML Holdings), a Dutch multi-national corporation that supplies lithography systems used for printing integrated circuit designs onto very thin disks of silicon, commonly referred to as wafers. These systems are supplied to integrated circuit manufacturers throughout the United States, Asia and Western Europe. ASML Holdings is 24% owned by Philips Electronics and has

strategic partnerships with a number of major companies including Lucent Technologies, Applied Materials, Samsung, Hyundai and Motorola.

The initial term of the ASML lease is 15 years which commenced on June 4, 1998 and expires on June 30, 2013. The base rent payable for the ASML Building, out of which Wells OP will be required to make the ground lease payments described below, is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-5	$ 1,927,788	$ 160,649
Years 6-10	$ 2,130,124	$ 177,510
Years 11-15	$ 2,354,021	$ 196,168

ASML has an expansion option which allows ASML the ability to expand the building into at least an additional 30,000 rentable square feet, to be constructed by Wells OP. If the expansion option exercised is for less than 30,000 square feet, Wells OP may reject the exercise at its sole discretion. In the event that ASML exercises its expansion option after the first five years of the initial lease term, such lease term will be extended to ten years from the date of such expansion.

The ASML ground lease commenced on August 22, 1997 and expires on December 31, 2082. The ground lease payments required pursuant to the ASML ground lease are as follows:

Lease Years	Annual Rent
Years 1-15	$ 186,368
Years 16-25	$ 273,340
Years 26-35	$ 356,170
Years 36-45	10% of Fair Market Value of Land in year 35
Years 46-55	Rent from year 45 plus 3% per year increase
Years 56-65	Rent from year 55 plus 3% per year increase
Years 66-75	10% of Fair Market Value in Year 65
Years 76-85	Rent from year 75 plus 3% per year increase

Wells OP has the right to terminate the ASML ground lease prior to the expiration of the 30th year, and prior to the expiration of each subsequent ten-year period thereafter.

The Dial Building

The Dial Building is a two-story office building containing approximately 129,689 rentable square feet located in Scottsdale, Arizona. Wells OP purchased the Dial Building on March 29, 2000 for a purchase price of $14,250,000. Construction of the Dial Building was completed in 1997.

The Dial Building is located at 15501 N. Dial Boulevard within the Scottsdale Airpark Development in the City of Scottsdale which is eight miles northeast of the center of Phoenix and is an integral part of metropolitan Phoenix.

The Dial Building is subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

The Dial Building is leased to Dial Corporation (Dial). Dial currently has its headquarters in the Dial Building and is one of the leading consumer product manufacturers in the United States. Dial's brands include Dial soap, Purex detergents, Renuzit air fresheners, Armour canned meats, and a variety of other leading consumer products.

The initial term of the Dial lease is 11 years which commenced on August 14, 1997 and expires on August 31, 2008. Dial has the right to extend the Dial lease for two additional five-year periods of time at 95% of the then-current fair market rental rate. The annual rent payable for the initial term of the Dial lease is $1,387,672.

The Metris Building

The Metris Building is a three-story office building containing approximately 101,100 rentable square feet located in Tulsa, Oklahoma. Wells OP purchased the Metris Building on February 11, 2000 for a purchase price of $12,740,000. Construction of the Metris Building was completed on January 14, 2000.

The Metris Building is located on a 14.6 acre tract of land located at 4848 South 129th East Avenue in the Silos Corporate Center, a prominent 126 acre mixed-use park owned by State Farm Insurance Companies. The site is about 11 miles southeast of the Tulsa Commercial Business District and is bordered by the

Broken Arrow Expressway, the primary east-west thoroughfare linking the suburb of Broken Arrow to downtown Tulsa.

Wells OP borrowed $8,000,000 from an existing revolving credit facility (Metris Loan) at the time it purchased the Metris Building. The Metris Loan, which is more particularly described in the "Real Estate Loans" section of this prospectus, is secured by a first mortgage against the Metris Building.

The Metris Building is leased to Metris Direct, Inc. (Metris). Metris is a principal subsidiary of Metris Companies Inc. (Metris Companies), a publicly traded company on the New York Stock Exchange and guarantor of the Metris lease. Metris Companies is an information-based direct marketer of consumer credit products and fee-based services primarily to moderate income consumers. Metris Companies' consumer credit products are primarily unsecured credit cards issued by its subsidiary, Direct Merchants Credit Card Bank. The company's customers and prospects include individuals for whom credit bureau information is available and existing customers of a former affiliate, Fingerhut Corporation.

The initial term of the Metris lease is ten years which commenced on February 1, 2000 and expires on January 31, 2010. Metris has the right to extend the Metris lease for two additional five-year periods of time. The base rent payable for the Metris lease is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-5	$1,187,925	$ 98,994
Years 6-10	$1,306,718	$108,893

The monthly base rent payable for the renewal terms of the Metris lease shall be equal to the then-current market rate based on the then existing rates for comparable space of equivalent quality in suburban Tulsa, Oklahoma taking into account location, quality, age of the office building, size of premises and any other relevant term or condition in making such fair market value rental rate determination as of 12 months prior to commencement of the renewal term. If the parties are unable to agree upon the market rate within 11 months prior to commencement of the renewal term, the market rate shall then be determined by arbitration.

The Cinemark Building

The Cinemark Building is a five-story office building containing approximately 118,108 rentable square feet located in Plano, Texas. Wells OP purchased the Cinemark Building on December 21, 1999 for a purchase price of $21,800,000. Construction of the Cinemark Building was completed in September 1999.

The Cinemark Building is located on a 3.52-acre tract of land located at 3900 Dallas Parkway in Plano, Texas. The site is in a good location with quick access to and visibility from the toll road. The City of Plano is located approximately 20 miles north of downtown Dallas and is the largest city in Collin County with a population of nearly 200,000 people.

The Cinemark Building is subject to a first priority mortgage in favor of SouthTrust securing a SouthTrust Line of Credit, which is more particularly described in the "Real Estate Loans" section of this prospectus.

The entire 118,108 rentable square feet of the Cinemark Building is currently leased to two tenants. Cinemark USA, Inc. (Cinemark) occupies 66,024 rentable square feet of the Cinemark Building, and The Coca-Cola Company (Coca-Cola) occupies the remaining 52,084 rentable square feet of the Cinemark Building.

Cinemark, a privately owned company, is one of the largest motion picture exhibitors in North and South America. Cinemark currently operates in excess of 2,575 screens in 32 states within the United States and internationally in

countries such as Argentina, Brazil, Canada, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Mexico and Peru.

The initial term of the Cinemark lease is ten years which commenced on December 21, 1999 and expires on December 20, 2009. Cinemark has the right to extend the Cinemark lease for two additional five-year periods of time. The base rent payable for the Cinemark lease and first renewal term is as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-7	$1,366,491	$113,874
Years 8-10	$1,481,738	$123,478
Years 11-15	$1,567,349	$130,612

The monthly base rent payable for the second renewal term of the Cinemark lease shall be equal to 95% of the then-current market rate based on the then existing rates for comparable space of equivalent quality in Plano, Texas taking into account location, quality, age of the office building, size of premises and any other relevant term or condition in making such fair market value rental rate determination. If the parties are unable to agree upon the market rate within 15 business days after receipt of the renewal notice, each party shall appoint a real estate appraiser to determine the market rate. If the two appraisers cannot agree upon the market rate within 15 days of the commencement of their deliberation, they shall appoint a third appraiser. The market rate shall then be determined by the agreement of any two of the appraisers or the average of the two closest rates if two appraisers cannot agree.

Cinemark shall have a right of first refusal to lease any of the remaining rentable area of the Cinemark Building which subsequently becomes vacant and in which Wells OP receives or makes an acceptable offer or proposal to lease such vacant space to a bona fide third party. Wells OP shall offer to Cinemark in writing the right to include the vacant space under its lease at the rental rate set forth in the third party offer. Cinemark shall then have 15 days to exercise this right of first refusal.

Coca-Cola is the global soft-drink industry leader with world headquarters in Atlanta, Georgia. Coca-Cola manufactures and sells syrups, concentrates and beverage bases for Coca-Cola, the company's flagship brand, and over 160 other soft drink brands in nearly 200 countries around the world.

The initial term of the Coca-Cola lease is seven years which commenced on December 1, 1999 and expires on November 30, 2006. The base rent payable for the remainder of the Coca-Cola lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 2	$1,302,100	$108,508
Year 3	$1,354,184	$112,848
Year 4	$1,406,268	$117,189
Year 5	$1,458,352	$121,529
Year 6	$1,510,436	$125,870
Year 7	$1,562,520	$130,210

Coca-Cola has the right to extend the lease for two additional five-year periods of time upon 240 days advance notice prior to the end of the term. Within 30 days of the delivery of the renewal notice by Coca-Cola, Wells OP shall deliver a rental notice to Coca-Cola stating the base rent payable during

the renewal term, which base rent shall be based upon the prevailing rental rates for space of similar quality, size, utility, location, length of renewal term and credit standing of the tenant. Coca-Cola must then notify Wells OP of its intent to renew the lease on such terms within 30 days of delivery of the rental notice by Wells OP.

The Gartner Building

The Gartner Building is a two-story office building containing approximately 62,400 rentable square feet located in Fort Myers, Florida. The XI-XII-REIT Joint Venture purchased the Gartner Building on September 20, 1999 for a purchase price of $8,320,000. Construction of the Gartner Building was completed in 1998.

The site is a 4.9 acre tract of land within the Gateway development at 12600 Gateway Boulevard. Gateway is a mixed-use development with over 3,000 acres planned for residential purposes and over 800 acres planned for commercial purposes. Sony Electronics and Ford Motor Credit Company are two of the commercial tenants in this development.

The Gartner Building is currently leased to The Gartner Group, Inc. (Gartner). The Gartner Building will be occupied by Gartner's Financial Services Division. Gartner, which was founded in 1979, is one of the world's leading independent providers of research and analysis related to information and technology solutions. Gartner serves as a consultant to business clients for their information technology purchasing decisions. Gartner has over 80 locations worldwide and over 12,000 clients.

The initial term of the Gartner lease is ten years which commenced on February 1, 1998 and expires on January 31, 2008. Gartner has the right to extend the lease for two additional five-year periods of time. The base rent payable for the remainder of the lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 3	$790,642	$65,887
Year 4	$810,408	$67,534
Year 5	$830,668	$69,222
Year 6	$851,435	$70,953
Year 7	$872,721	$72,727
Year 8	$894,539	$74,545
Year 9	$916,902	$76,409
Year 10	$939,825	$78,319

The monthly base rent payable for each extended term of the lease will be equal to the lesser of (i) the prior rate increased by 2.5%, or (ii) 95% of the then-current market rate which is calculated as a full-service rental rate less anticipated annual operating expenses on a rentable square foot basis charged for space of comparable location, size and conditions in comparable office buildings in the Fort Myers area.

Gartner also has two expansion options for additional buildings under the Gartner lease. The two option plans are described in the lease as the "Small Option Building" and the "Large Option Building".

The "Small Option Building" and the "Large Option Building" expansion options allow Gartner the ability to expand into separate, free standing facilities of 30,000 to 32,000 rentable square feet and 60,000 to 75,000 rentable square feet, respectively. Gartner may exercise its rights for either

expansion option by providing notice in writing to the joint venture on or before February 15, 2002. In the event that Gartner exercises either expansion option, the parties shall enter into a separate lease within 30 days of such notice by Gartner with a guaranteed ten year lease term and yearly base rent to be determined by mutual agreement of the parties.

The Marconi Building

The Marconi Building (formerly known as the Videojet Building) is a two-story office, assembly and manufacturing building containing approximately 250,354 rentable square located in Wood Dale, Illinois. Wells OP purchased the Marconi Building on September 10, 1999 for a purchase price of $32,630,940. Construction of the Marconi Building was completed in 1991.

The site is a 15.3 acre tract of land located within the Chancellory Business Park which is adjacent to the western entrance to O'Hare International Airport. The site is also situated very convenient to most of Chicago's major interstates, including the Elgin/O'Hare Expressway which, when finished, will extend along Thorndale Road adjacent to the main entrance to the Chancellory Business Park. The Chancellory Business Park consists of good quality office, manufacturing and warehouse buildings mostly occupied by national tenants such as Sony, Mitsubishi, NEC Minolta and United Airlines.

The Marconi Building is subject to a first priority mortgage in favor of Bank of America, N.A. securing the BOA Loan, which is more particularly described in the "Real Estate Loans" section of this prospectus.

The Marconi Building is leased to Marconi Data Systems, Inc. (formerly known as Videojet Systems International, Inc. until a December 1999 name change). Marconi Data Systems, Inc. (Marconi) is the world's leading producer of state-of-the-art industrial ink jet marking and coding products. Marconi manufactures and distributes industrial ink jet printers, digital imaging systems, laser coding systems, inks and fluids to customers worldwide. The Marconi lease is guaranteed by GEC Incorporated, a Delaware corporation which is a wholly-owned subsidiary of Marconi, p.l.c. (formerly known as General Electric Company, p.l.c.), a publicly traded United Kingdom corporation that ranks among the largest electronic system and equipment manufacturers in the world.

The initial term of the Marconi lease is 20 years which commenced in November 1991 and expires in November 2011. Marconi has the right to extend the Marconi lease for one additional five-year period of time. The base rent payable for the remainder of the lease term is as follows:

Lease Years	Annual Rent	Monthly Rent
Year 9-10	$2,838,952	$236,579
Years 11-20	$3,376,746	$281,396
Extension Term	$4,667,439	$388,953

The Johnson Matthey Building

The Johnson Matthey Building is a 130,000 square foot research and development, office and warehouse building. The XI-XII-REIT Joint Venture purchased the Johnson Matthey Building on August 17, 1999 for a purchase price of $8,000,000. The Johnson Matthey Building was first constructed in 1973 as a multi-tenant facility and it was subsequently converted into a single-tenant facility in 1998.

The site consists of a 10.0 acre tract of land located at 434-436 Devon Park Drive in Tredyffrin Township, Chester County, Pennsylvania. The site is located along the Route 202 "high tech" corridor close to King of Prussia and is considered a suburb of Philadelphia. The site is within five minutes of Route 422, the Pennsylvania Turnpike and Interstate 76.

The Johnson Matthey Building is currently leased to Johnson Matthey, Inc. (Johnson Matthey). Johnson Matthey is a wholly-owned subsidiary of Johnson Matthey, PLC of the United Kingdom, a world leader in advanced materials technology. Johnson Matthey, PLC applies the latest technology to add value to precious metals and other specialized materials. Johnson Matthey, PLC is a publicly traded company that is over 175 years old, has operations in 38 countries and employs 12,000 people.

Johnson Matthey is one of the parent company's primary operating companies in the U.S. and includes the Catalytic Systems Division (CSD). The CSD is the world's leading supplier of catalytic converters for automotive exhaust emission and air pollution control. In addition, Johnson Matthey is the largest U.S. supplier of diesel catalytic converters, which enable customers to meet constantly tightening regulatory requirements.

The lease term of the Johnson Matthey lease is ten years which commenced in July 1998 and expires in June 2007. Johnson Matthey has the right to extend the lease for two additional three-year periods of time. The base rent payable under the Johnson Matthey lease for the remainder of the lease term is as follows:

Lease Year	Annual Rent	Monthly Rent
Year 3	$789,750	$65,813
Year 4	$809,250	$67,438
Year 5	$828,750	$69,063
Year 6	$854,750	$71,229
Year 7	$874,250	$72,854
Year 8	$897,000	$74,750
Year 9	$916,500	$76,375
Year 10	$939,250	$78,271

The monthly base rent payable for each extension term will be equal to the fair market rent taking into consideration rental rates for comparable industrial and research and development properties in the local market area. If the parties cannot agree upon the fair market rent, the matter shall be submitted to arbitration.

Johnson Matthey has a right of first refusal to purchase the Johnson Matthey Building in the event that the XI-XII-REIT Joint Venture desires to sell the building to an unrelated third-party. The XI-XII-REIT Joint Venture must give Johnson Matthey written notice of its intent to sell the Johnson Matthey Building, and Johnson Matthey will have ten days from the date of such notice to provide written notice of its intent to purchase the building. If Johnson Matthey exercises its right of first refusal, it must purchase the Johnson Matthey Building on the same terms contained in the offer.

The Alstom Power Richmond Building

The Alstom Power Richmond Building (formerly known as the ABB Richmond Building) is a four-story brick office building containing 102,000 gross square feet located in Midlothian, Virginia. Wells REIT, LLC - VA I (Wells LLC - VA), a limited liability company wholly-owned by Wells OP, purchased a 7.49 acre tract of land on July 22, 1999 for a purchase price of $936,250. Wells LLC - VA completed construction of the Alstom Power Richmond Building in July 2000 at an aggregate cost of approximately $11,400,000, including the cost of the land.

The Alstom Power Richmond Building is part of a 250-acre office park in the Clover Hill District of Chesterfield County, one of the fastest growing counties in Virginia. Midlothian is located approximately nine miles southwest of the

Richmond central business district.

Wells OP originally obtained a construction loan from SouthTrust Bank, N.A. in the maximum principal amount of $9,280,000 to fund the development and construction of the Alstom Power Richmond Building. This loan, which is more specifically detailed in the "Real Estate Loans" section of this prospectus, was recently converted to a line of credit and is secured by a first priority mortgage against the Alstom Power Richmond Building, an assignment of the landlord's interest in the Alstom Power Richmond lease and a $4,000,000 letter of credit issued by Unibank.

The Alstom Power Richmond Building is leased to Alstom Power, Inc. (Alstom Power). Alstom Power is the result of the December 30, 1999, merger between ABB Power Generation, Inc. (ABB Power) and ABB Alstom Power, Inc. As of June 22, 2000, ABB Alstom Power, Inc. changed its name to Alstom Power, Inc. ABB Power was a subsidiary of Asea Brown Boveri, Inc., a large multi-national engineering and construction company headquartered in Switzerland.

The initial term of the Alstom Power Richmond lease is seven years which commenced on July 24, 2000 and expires on July 23, 2007. Alstom Power has the right to extend the lease for two additional five-year periods of time. Each extension option must be exercised by giving notice to the landlord at least 12 months prior to the expiration of the then-current lease term. The base rent payable under the Alstom Power lease will be as follows:

Lease Year	Annual Rent	Monthly Rent
Year 1	$1,183,731	$ 98,644
Year 2	$1,213,324	$101,110
Year 3	$1,243,657	$103,638
Year 4	$1,274,748	$106,229
Year 5	$1,306,618	$108,885
Year 6	$1,339,283	$111,607
Year 7	$1,372,765	$114,397

The monthly base rent payable for each extended term of the Alstom Power lease will be equal to the "Market Rate" for new leases of office space in that portion of the Richmond, Virginia market that is located south of the James River and west of I-95 for space similar to the premises. In the event the

parties are unable to agree upon the Market Rate, then each party shall appoint a real estate appraiser. If the appraisers are unable to agree upon the Market Rate, they shall appoint a third appraiser and each shall make a determination of the Market Rate. The appraisal that is farthest from the middle appraisal shall be disregarded and the remaining two appraisals shall be averaged to establish the Market Rate.

Alstom Power has a one-time option to terminate the Alstom Power Richmond lease as to a portion of the premises containing between 12,500 and 13,000 rentable square feet as of the third anniversary of the rental commencement date. If Alstom Power elects to exercise this termination option, Alstom Power is required to pay a termination fee equal to eight times the sum of the next due installments of rent plus the unamortized portions of the base improvement allowance, additional allowance and broker commission, each being amortized in equal monthly installments of principal and interest over the initial term of the lease at a rate of ten percent (10%) per annum. Alstom Power must give notice of its intent to exercise such option to terminate at least seven months in advance of the third anniversary; provided, however, that Alstom Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

In the event that Alstom Power exercises its termination option as of the third anniversary of the rental commencement date, Alstom Power has a one-time option to terminate the Alstom Power Richmond lease as to a portion of the premises containing between 12,500 and 13,000 rentable square feet as of the fifth anniversary of the rental commencement date. If Alstom Power elects to exercise this termination option, Alstom Power is required to pay a termination fee equal to six times the sum of the next due installments of rent plus the unamortized portions of the base improvement allowance, additional allowance and broker commission, each being amortized in equal monthly installments of principal and interest over the initial term of the lease at a rate of ten percent (10%) per annum. Alstom Power must give notice of its intent to exercise such option to terminate at least seven months in advance of the fifth anniversary; provided, however, that Alstom Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

In the event that Alstom Power does not exercise its termination option as of the third anniversary of the rental commencement date, Alstom Power has a one-time option to terminate the Alstom Power lease as to a portion of the premises containing between 24,500 and 25,500 rentable square feet as of the fifth anniversary of the rental commencement date. If Alstom Power elects to exercise this termination option, Alstom Power is required to pay a termination fee equal to six times the sum of the next due installments of rent plus the unamortized portions of the base improvement allowance, additional allowance and broker commission, each being amortized in equal monthly installments of principal and interest over the initial term of the lease at a rate of ten percent (10%) per annum. Alstom Power must give notice of its intent to exercise such option to terminate at least nine months in advance of the fifth anniversary; provided, however, that Alstom Power may pay a penalty, as stipulated in the lease, to provide less than nine months notice.

The Sprint Building

The Sprint Building is a three-story office building with approximately 68,900 rentable square feet. The XI-XII-REIT Joint Venture purchased the Sprint Building on July 2, 1999 for a purchase price of $9,500,000. Construction of the Sprint Building was completed in 1992.

The Sprint Building is located on a 7.1 acre tract of land located adjacent to the Leawood Country Club in Leawood, Kansas near the affluent Overland Park suburb of Kansas City. The site is within walking distance of Ward Parkway Mall and is convenient to downtown Kansas City and I-435, the interstate loop around Kansas City.

The Sprint Building is leased to Sprint Communications Company L.P. (Sprint). Sprint is the nation's third largest long distance phone company, which operates on an all-digital long distance telecommunications network using state-of-the-art fiber optic and electronic technology. Sprint provides domestic and international voice, video and data communications services as well as integration management and support services for computer networks.

The initial term of the Sprint lease is ten years which commenced on May 19, 1997 and expires in May 2007, subject to Sprint's right to extend the lease for two additional five year periods of time. The annual base rent payable under the Sprint lease is $999,048 through May 18, 2002, and $1,102,404 for the remainder of the lease term. The monthly base rent payable for each extended term of the Sprint lease will be equal to 95% of the then-current market rate for comparable office buildings in the suburban south Kansas City, Missouri and south Johnson County, Kansas areas. If the parties are unable to agree upon the current market rate within 30 days of the date negotiations begin, the current market rate shall be determined by three licensed real estate brokers, one of which will be selected by Sprint, one of which will be selected by the XI-XII-REIT Joint Venture and the final appraiser will be selected by the two appraisers previously selected.

The Sprint lease contains a termination option which may be exercised by Sprint effective as of May 18, 2004 provided that Sprint has not exercised either expansion option, as described below. Sprint must provide notice to the

XI-XII-REIT Joint Venture of its intent to exercise its termination option on or before August 21, 2003. If Sprint exercises its termination option, it will be required to pay the joint venture a termination payment equal to $6.53 per square foot, or $450,199.

Sprint also has an expansion option for an additional 20,000 square feet of office space which may be exercised in two expansion phases. Sprint's expansion rights involve building on unfinished ground level space that is currently used as covered parking within the existing building footprint and shell. At each exercise of an expansion option, the remaining lease term will be extended to be a minimum of an additional five years from the date of the completion of such expansion space.

Sprint must give written notice to the XI-XII-REIT Joint Venture of its election to exercise each expansion option at least 270 days prior to the date Sprint will require delivery of the expansion space.

If Sprint exercises either expansion option, the XI-XII-REIT Joint Venture will be required to construct the expansion improvements in accordance with the specific drawings and plans attached as an exhibit to the Sprint lease. The joint venture will be required to fund the expansion improvements and to fund to Sprint a tenant finish allowance of $10 per square foot for the expansion space.

The base rental per square foot for the expansion space shall be determined by the XI-XII-REIT Joint Venture taking into consideration the value of the joint venture's work related to such expansion space and the base rental rate increase per square foot applicable at the end of year five of the lease term. The expansion space base rental rate shall be presented to Sprint no later than 45 days after delivery to the XI-XII-REIT Joint Venture of each expansion notice. In no event shall such rental rate be greater than the base rental rate for the Sprint Building as of the date of the expansion space commencement date.

The EYBL CarTex Building

The EYBL CarTex Building is a manufacturing and office building consisting of a total of 169,510 square feet located in Greenville, South Carolina. The XI-XII-REIT Joint Venture purchased the EYBL CarTex Building on May 18, 1999 for a purchase price of $5,085,000. Construction of the EYBL CarTex Building was originally completed in the early 1980s and an addition was completed in 1989.

The EYBL CarTex Building is located on an 11.9 acre tract of land at 111 SouthChase Boulevard in the SouthChase Industrial Park, which is located adjacent to I-385 in southwest Greenville, South Carolina.

The EYBL CarTex Building is leased to EYBL CarTex, Inc. (EYBL CarTex). EYBL CarTex produces automotive textiles for BMW, Mercedes, GM Bali, VW Mexico and Golf A4. EYBL CarTex is a wholly-owned subsidiary of EYBL International, AG, Krems/Austria. EYBL International is the world's largest producer of circular knit textile products and loop pile plushes for the automotive industry. It has plants in Austria, Germany, Hungary, Slovakia, Brazil and the United States.

The initial term of the EYBL CarTex lease is ten years which commenced on March 1, 1998 and expires in February 2008, subject to EYBL CarTex's right to extend the lease for two additional five-year periods of time. The base rent payable under the EYBL CarTex lease for the remainder of the lease term shall be as follows:

Lease Years	Annual Rent	Monthly Rent
Years 3-4	$508,530	$42,378
Years 5-6	$550,908	$45,909
Years 7-8	$593,285	$49,440
Years 9-10	$610,236	$50,853

The monthly base rent payable for each extended term of the lease will be equal to the fair market rent as submitted by the landlord. If the tenant does not agree to the proposed rent by the landlord for the extension term, tenant may require the fair market rent be determined by three appraisers, one of which will be selected by the tenant, one by the landlord and the final appraiser shall be selected by the first two appraisers.

Under the lease, EYBL CarTex has an option to purchase the EYBL CarTex Building at the expiration of the initial lease term by giving notice to the landlord by March 1, 2007. Within 30 days after landlord receives notice of tenant's intent to exercise its purchase option, landlord shall submit a proposed purchase price for the EYBL CarTex Building based upon its good faith estimate of the fair market value of the building. If tenant does not agree to the purchase price, tenant may require that the purchase price be established by three appraisers, one of which will be selected by the tenant, one of which will be selected by the landlord and the final appraiser shall be selected by the first two appraisers. In no event, however, will the purchase price under the purchase option be less than $5,500,000.

The Matsushita Building

The Matsushita Building is a two-story office building containing 150,000 rentable square feet. Wells OP purchased an 8.8 acre tract of land on March 15, 1999, for a purchase price of $4,450,230. Wells OP completed construction of the Matsushita Building on January 4, 2000 at an aggregate cost of approximately $18,400,000, including the cost of the land.

The site is located in the Pacific Commercentre, which is a 33 acre master-planned business park positioned near the Irvine Spectrum in the heart of Southern California's Technology Coast. Pacific Commercentre is a nine building complex featuring office, technology, and light manufacturing uses, and is located in the city of Lake Forest in southern Orange County.

The Matsushita Building is leased to Matsushita Avionics Systems Corporation (Matsushita Avionics). Matsushita Avionics is a wholly-owned subsidiary of Matsushita Electric Corporation of America (Matsushita Electric). Matsushita Avionics manufactures and sells audio-visual products to the airline industry for passenger use in airplanes. Matsushita Electric is a wholly-owned subsidiary of

Matsushita Electric Industrial Co., Ltd. (Matsushita Industrial), a Japanese company which is the world's largest consumer electronics manufacturer. Matsushita Electric has guaranteed the obligations of Matsushita Avionics under the Matsushita lease.

The initial term of the Matsushita lease is seven years which commenced on January 4, 2000 and expires in January 2007. Matsushita Avionics has the option to extend the initial term of the Matsushita lease for two successive five-year periods. Each extension option must be exercised not more than 19 months and not less than 15 months prior to the expiration of the then-current lease term. The base rent payable under the Matsushita lease shall be as follows:

Lease Years	Annual Rent	Monthly Rent
Years 1-2	$1,830,000	$152,500
Years 3-4	$1,947,120	$162,260
Years 5-6	$2,064,240	$172,020
Year 7	$2,181,360	$181,780

The monthly base rent payable during the option term shall be 95% of the stated rental rate at which, as of the commencement of the option term, tenants are leasing non-expansion, non-affiliated, non-sublease, non-encumbered, non-

equity space comparable in size, location and quality to the Matsushita project for a term of five years in the Lake Forest and Irvine area of Southern California. The monthly base rent during the option term shall be adjusted upward during the option term at the beginning of the 24th and 48th month of each option term by an amount equal to 6% of the monthly base rent payable immediately preceding such period. Within 30 days of tenant providing written notice of its intent to exercise a renewal option, Wells OP shall deliver to Matsushita Avionics notice containing the proposed rent for the option term. If, after reasonable good faith efforts, landlord and tenant are unable to agree upon the option rent before the 13th month prior to the expiration of the appropriate lease term, option rent shall be determined by arbitration.

The AT&T Building

The AT&T Building (formerly known as the Vanguard Cellular Building) is a four-story office building containing approximately 81,859 rentable square feet located in Harrisburg, Pennsylvania. Wells OP purchased the AT&T Building on February 4, 1999 for a purchase price of $12,291,200. Construction of the AT&T Building was completed in November 1998.

The AT&T Building is located on 10.5 acres of land in Commerce Park, which is located in the Lower Paxton Township, a planned business park, at the intersection of Progress Avenue and Interstate Drive just off of the Progress Avenue exit of Interstate 81.

Wells OP obtained a loan from Bank of America, N.A. (BOA Loan) in connection with its original purchase of the AT&T Building. The BOA Loan, which is more particularly described in the "Real Estate Loans" section of this prospectus, is secured in part by a first priority mortgage against the AT&T Building.

The AT&T Building is leased to Pennsylvania Cellular Telephone Corp. (Pennsylvania Telephone), a subsidiary of Vanguard Cellular Systems, Inc. (Vanguard Cellular), and the obligations of Pennsylvania Telephone under the Vanguard Cellular lease are guaranteed by Vanguard Cellular. Vanguard Cellular is an independent operator of cellular telephone systems in the United States with over 664,000 subscribers located in 26 markets in the Mid-Atlantic, Ohio Valley and New England regions of the United States. Vanguard Cellular markets its wireless products and services under the name CellularOne, a nationally recognized brand name partially owned by Vanguard Cellular. Vanguard

Cellular operates primarily in suburban and rural areas that are close in proximity to major urban areas, which it believes affords several advantages over its traditional urban competitors, including (1) greater network capacity, (2) greater roaming revenue opportunities, (3) lower distribution costs, and (4) higher barriers to entry by competitors.

On May 3, 1999, Vanguard Cellular was merged with and became a wholly-owned subsidiary of AT&T Corp.

The initial term of the Vanguard Cellular lease is ten years which commenced on November 16, 1998 and expires in November 2007. Vanguard has the option to extend the initial term of the Vanguard Cellular lease for three additional five-year periods and one additional four year and 11-month period. Each extension option must be exercised by giving written notice to the landlord at least 12 months prior to the expiration date of the then-current lease term. The following table summarizes the annual base rent payable during the remainder of the initial term of the Vanguard Cellular lease:

Lease Year	Annual Rent	Monthly Rent
Year 3	$1,416,221	$118,018
Year 4	$1,442,116	$120,176
Year 5	$1,468,529	$122,377

Year 6	$1,374,011	$114,501
Year 7	$1,401,491	$116,791
Year 8	$1,429,521	$119,127
Year 9	$1,458,111	$121,509
Year 10	$1,487,274	$123,939

The annual base rent for each extended term under the lease will be equal to 93% of the "fair market rent" determined either (1) as agreed upon by the parties, or (2) as determined by appraisal pursuant to the terms and conditions of the Vanguard Cellular lease. The fair market rent shall be multiplied by the "fair market escalator" (which represents the yearly rate of increases in the fair market rent for the entire renewal term), if any. If the fair market rent is to be determined by appraisal, both the landlord and the tenant shall designate an independent appraiser, and both appraisers shall mutually designate a third appraiser. After their appointment, the appraisers shall determine the fair market rent and the fair market escalator by submitting independent appraisals. The fair market rent and fair market escalator shall be deemed to be the middle appraisal of the three submitted.

In addition, the Vanguard Cellular lease contains an option to expand the premises to create additional office space of not less than 40,000 gross square feet and not more than 90,000 gross square feet, as well as additional parking to accommodate such office space. If Pennsylvania Telephone exercises its option for the expansion improvements, Wells OP will be obligated to expend the funds necessary to construct the expansion improvements. Pennsylvania Telephone may exercise its expansion option by delivering written notice to Wells OP at any time before the last business day of the 96th month of the initial term of the Vanguard Cellular lease.

Within 60 days after Wells OP's receipt of the expansion notice, Wells OP shall consult with Pennsylvania Telephone concerning Pennsylvania Telephone's specific requirements with regard to the expansion improvements and, within such 60 day period, Wells OP shall notify Pennsylvania Telephone in writing of the total estimated expansion costs to be incurred in planning and constructing the expansion improvements. Within 60 days after Pennsylvania Telephone receives Wells OP's written notification of the costs for the expansion improvements, Pennsylvania Telephone shall notify Wells OP in writing either (1) that Pennsylvania Telephone authorizes Wells OP to proceed with the construction of the expansion improvements, (2) that Pennsylvania Telephone intends to submit revised specifications within 60 days to

reduce the estimated costs of the expansion improvements to an amount satisfactory to Pennsylvania Telephone, or (3) that Pennsylvania Telephone elects not to expand the premises. If Pennsylvania Telephone fails to deliver its notice to proceed within the above mentioned 60 day period, then Pennsylvania Telephone shall be deemed to have elected not to expand.

If Pennsylvania Telephone delivers its notice to proceed with the expansion improvements, Pennsylvania Telephone shall be deemed to have exercised its option for such full or partial renewal terms such that, as of the date of substantial completion of the expansion improvements, the remaining lease term shall be ten years from such date of substantial completion. Pennsylvania Telephone shall continue to have the right to exercise its option for any of the renewal terms discussed above which remain beyond the ten year additional term; provided that, if the remaining portion of a renewal term after the ten year extension shall be less than one year, then the ten year term shall be further extended to include the remaining portion of the renewal term which is less than one year.

The annual base rent for the expansion improvements for the first 12 months shall be equal to the product of (a) the expansion costs, multiplied by (b) a factor of 1.07, multiplied by (c) the greater of (X) 10.50%, or (Y) an annual interest rate equal to 375 basis points in excess of the ten-year United States

Treasury Note Rate then most recently announced by the United States Treasury as of the commencement date of the expansion improvements. Thereafter, the annual base rent for the expansion improvements shall be increased annually by the lesser of (1) 5%, or (2) 75% of the percentage by which the United States, Bureau of Labor Statistics, Consumer Price Index for All Items - All Urban Wage Earners and Clerical Workers for the Philadelphia Area published nearest to the expiration date of each 12 month period subsequent to the expansion commencement date is greater than the CPI Index most recently published prior to the commencement date.

The PwC Building

The PwC Building is a four-story office building containing approximately 130,090 rentable square feet located in Tampa, Florida. Wells OP purchased the PwC Building on December 31, 1998 for a purchase price of $21,127,854. Construction of the PwC Building was completed in 1998.

The PwC Building is located on approximately 9.0 acres of land located in Sunforest Business Park between Eisenhower Boulevard and George Road approximately 1,250 feet south of West Hillsborough Avenue. The Sunforest Business Park is located in the Westshore Business District, which is a suburban business center surrounding Tampa International Airport.

Wells OP purchased the PwC Building subject to a loan from SouthTrust Bank, N.A. (SouthTrust Loan). The SouthTrust Loan, which is more particularly described in the "Real Estate Loans" section of this prospectus, is secured by a first priority mortgage against the PwC Building.

The PwC Building is leased to PricewaterhouseCoopers (PwC). PwC provides a full range of business advisory services to leading global, national and local companies and to public institutions. These services include audit, accounting and tax advice; management, information technology and human resource consulting; financial advisory services including mergers and acquisitions, business recovery, project finance and litigation support; business process outsourcing services; and legal advice through a global network of affiliated law firms. PwC employs more than 140,000 people in 152 countries.

The initial term of the PwC lease is ten years which commenced on December 28, 1998 and expires in December 2008, subject to PwC's right to extend the lease for two additional five-year periods of time. The current annual base rent payable under the PwC lease is $1,973,213 ($15.17 per square foot) payable in equal monthly installments of $164,434 during 2000. The base rent escalates at the rate of 3%

per year throughout the ten year lease term. In addition, PwC is required to pay a "reserve" of $13,009 ($.10 per square foot) as additional rent.

The annual base rent for each renewal term under the lease will be equal to the greater of (a) 90% of the "market rent rate" for such space multiplied by the rentable area of the leased premises, or (b) 100% of the base rent paid during the last lease year of the initial term, or the then-current renewal term, as the case may be. If the base rent for the first lease year under the renewal term is determined pursuant to clause (a) above, then the base rent for each lease year of such renewal term after the first lease year shall be 103% of the base rent for the immediately preceding lease year. If the base rent for the first lease year of a renewal term is determined pursuant to clause (b) above, then there shall be no escalation of the base rent until such time that the total base rent paid during the renewal term is equal to the total base rent that would have been paid during such renewal term if the base rent had been determined pursuant to clause (a) above; and thereafter, the base rent for each subsequent lease year of such renewal term shall be 103% of the base rent for the immediately preceding lease year.

The "market rent rate" under the PwC lease shall be determined by agreement of the parties within 30 days after the date on which PwC delivers its notice of renewal. If Wells OP and PwC are unable to reach agreement on the market rent rate within said 30 day period, then each party shall simultaneously submit to the other in a sealed envelope its good faith estimate of the market rent rate

within seven days of expiration of the 30 day period. If the higher of such estimates is not more than 105% of the lower of such estimates then the market rent rate shall be the average of the two estimates. Otherwise, within five days either party may request in writing to resolve the dispute by arbitration. The "market rate rent" shall be based upon the fair market rent then being charged by landlords under new leases of office space in the Westshore Business District for similar space in a building of comparable quality with comparable amenities.

In addition, the PwC lease contains an option to expand the premises to include a second three or four-story building with an amount of square feet up to a total of 132,000 square feet which, if exercised by PwC, will require Wells OP to expend funds necessary to construct the expansion building. PwC may exercise its expansion option by delivering written notice to Wells OP at any time between the 60th day after the rental commencement date and the expiration of the initial term of the lease. If PwC for any reason fails to deliver the expansion notice on or prior to the last day of the initial term, the expansion option shall automatically expire. Upon PwC's delivery of the expansion notice and commencement of construction of the improvements by Wells OP, the term of the lease shall automatically be extended for an additional period of ten years from the date of substantial completion of the expansion building, without further action by either PwC or Wells OP. During the first five lease years of the initial term, Wells OP shall be obligated to construct the expansion building if PwC delivers the expansion notice. Wells OP and PwC have agreed that Wells OP shall not be required to construct the expansion building, however, if PwC delivers the expansion notice after the end of the fifth lease year and, following delivery of such expansion notice, Wells OP determines not to construct the expansion building based upon the base rent it would receive for the expansion building. If Wells OP notifies PwC in writing of such determination within 30 days after Wells OP's receipt of the expansion notice, PwC shall have the right to exercise its option to purchase the PwC building.

If PwC elects to exercise its expansion option, in addition to the construction of a second building which is of a quality equal to or better than the PwC building, Wells OP will be required to expand the parking garage such that a sufficient number of parking spaces, at least equal to four parking spaces per 1,000 square feet of rentable area, is maintained. Wells OP agrees to fund the cost of the design, development and construction of the expansion building up to a maximum of $150.00 per square foot of rentable area, as increased by increases in the Consumer Price Index between the rental commencement

date and the date of expansion notice. PwC shall be responsible for the payment of any costs of the expansion building in excess of the maximum expansion cost.

The base rent per square foot of rentable area payable for the expansion building in the first lease year of such building shall be an amount equal to the product of (a) the expansion building cost per square foot of rentable area multiplied by (b) the sum of 300 basis points plus the weekly average yield on United States Treasury Obligations, amortized on an annual basis over a period of 20 years. The base rent for each subsequent lease year shall be 103% of the base rent for the immediately preceding lease year.

In the event that PwC elects to exercise its expansion option and Wells OP determines not to proceed with the construction of the expansion building as described above, or if Wells OP is otherwise required to construct the expansion building and fails to do so in a timely basis pursuant to the PwC lease, PwC may exercise its purchase option by giving Wells OP written notice of such exercise within 30 days after either such event. If PwC properly exercises its purchase option, PwC must simultaneously deliver a deposit in the amount of $50,000. The purchase price for the PwC Building pursuant to the purchase option shall be equal to (a) the average of the monthly base rent for each month remaining in the initial term as of the closing date on the Purchase Option multiplied by 12, and (b) such average annual base rent shall be multiplied by 11.

The Fairchild Building

The Fairchild Building is a two-story manufacturing and office building with 58,424 rentable square feet located in Fremont, Alameda County, California.

The Fremont Joint Venture purchased the Fairchild Building on July 21, 1998 for a purchase price of $8,900,000. Construction of the Fairchild Building was completed in 1985.

The Fairchild Building is located on approximately 3 acres at 47320 Kato Road on the corner of Kato Road and Auburn Road in the City of Fremont, California.

The Fairchild Building is leased to Fairchild Technologies U.S.A., Inc. (Fairchild). Fairchild is a global leader in the design and manufacture of production equipment for semiconductor and compact disk manufacturing. The semiconductor equipment group recently unveiled a new line of semiconductor wafer processing equipment which will provide alternatives to the traditional semiconductor chip production methods.

Fairchild is a wholly-owned subsidiary of the Fairchild Corporation (Fairchild Corp). Fairchild Corp is the largest aerospace fastener and fastening system manufacturer and is one of the largest independent aerospace parts distributors in the world. Fairchild Corp is a leading supplier to aircraft manufacturers such as Boeing, Airbus, Lockheed Martin, British Aerospace and Bombardier and to airlines such as Delta Airlines and U.S. Airways. The obligations of Fairchild under the Fairchild lease are guaranteed by Fairchild Corp.

The initial term of the Fairchild lease is seven years which commenced on December 1, 1997 and expires in November 2004, subject to Fairchild's right to extend the Fairchild lease for an additional five year period. The base rent payable under the remainder of the Fairchild lease is as follows:

Year	Annual Rent	Monthly Rent
Year 4	$867,324	$72,277
Year 5	$893,340	$74,445
Year 6	$920,136	$76,678
Year 7	$947,736	$78,978

The base rent during the first year of the extended term of the Fairchild lease, if exercised by Fairchild, shall be 95% of the then-fair market rental value of the Fairchild Building subject to the annual 3% increase adjustments. If Fairchild and the Fremont Joint Venture are unable to agree upon the fair rental value for the extended lease term, each party shall select an appraiser and the two appraisers shall establish the rent by agreement.

The Cort Furniture Building

The Cort Furniture Building is a one-story office, showroom and warehouse building with 52,000 rentable square feet located in Fountain Valley, California. The Cort Joint Venture purchased the Cort Furniture Building on July 31, 1998 for a purchase price of $6,400,000. Construction of the Cort Furniture Building was completed in 1975.

The Cort Furniture Building is located on two parcels of land totaling approximately 3.6 acres at 10700 Spencer Street on the southeast corner of Spencer Avenue and Mt. Langley Street adjacent on the south side to Interstate 405.

The Cort Furniture Building is leased to Cort Furniture Rental Corporation (Cort). Cort uses the Cort Furniture Building as its regional corporate headquarters with an attached clearance showroom and warehouse storage areas. Cort is a wholly-owned subsidiary of Cort Business Services Corporation, a New York Stock Exchange Company trading under the symbol CBZ (Cort Business Services). Cort Business Services is the largest and only national provider of high-quality office and residential rental furniture and related accessories.

Cort Business Services has operations that cover 32 states and the District of Columbia and includes 119 rental showrooms. The obligations of Cort under the Cort Furniture lease are guaranteed by Cort Business Services.

The initial term of the Cort lease is 15 years which commenced on November 1, 1988 and expires in October 2003. Cort has an option to extend the Cort lease for an additional five-year period of time. The annual base rent payable under the Cort lease is $758,964 through April 30, 2001 at which time the annual base rent will be increased 10% to $834,888 for the remainder of the lease term. The monthly base rent during the first year of the extended term shall be 90% of the then-fair market rental value of the Cort Furniture Building, but will be no less than the rent in the 15th year of the Cort lease. If Cort and the Cort Joint Venture are unable to agree upon a fair rental value for the extended lease term, each party shall select an appraiser and the two appraisers shall provide appraisals on the Cort Furniture Building. If the appraisal values established are within 10% of each other, the average of such appraised value shall be the fair market rental value. If said appraisals are varied by more than 10%, the two appraisers shall appoint a third appraiser and the middle appraisal of the three shall be the fair rental value.

The Iomega Building

The Iomega Building is a warehouse and office building with 108,000 rentable square feet located in Ogden City, Utah. Wells Fund X originally purchased the Iomega Building on April 1, 1998 for a purchase price of $5,025,000 and contributed the Iomega Building to the IX-X-XI-REIT Joint Venture on July 1, 1998.

The Iomega Building is located on an approximately 8.0 acre tract of land at 2976 South Commerce Way in the Ogden Commercial and Industrial Park, which is one mile north of Roy City, one mile northwest of Riverdale City and three miles southwest of the Ogden central business district.

The Iomega Building is leased to Iomega Corporation (Iomega). Iomega, a New York Stock Exchange company, is a manufacturer of computer storage devices used by individuals, businesses, government and educational institutions, including "Zip" drives and disks, "Jaz" one gigabyte drives and disks, and tape backup drives and cartridges.

The initial term of the Iomega lease is ten years which commenced on August 1, 1996 and expires in July 2006. In March 1999, the IX-X-XI-REIT Joint Venture acquired an adjacent parcel of land and constructed additional parking at the site at an aggregate cost of $874,625. As a result, Iomega increased its monthly base rent and extended the term of its lease until April 30, 2009. The Iomega lease contains no further extension provisions. Iomega's world headquarters are located within one mile of the Iomega Building. The annual base rent payable under the Iomega lease is $659,868. On March 1, 2003 and July 1, 2006, the monthly base rent payable under the Iomega lease will be increased to reflect an amount equal to 100% of the increase in the Consumer Price Index during the preceding 40 months; provided however, that in no event shall the base rent be increased with respect to any one year by more than 6% or by less than 3% per year, compounded annually, on a cumulative basis from the beginning of the lease term.

The Interlocken Building

The Interlocken Building is a three-story multi-tenant office building with 51,974 rentable square feet located in Broomfield, Colorado. The IX-X-XI-REIT Joint Venture purchased the Interlocken Building on March 20, 1998 for a purchase price of $8,275,000. Construction of the Interlocken Building was completed in December 1996.

The Interlocken Building is located on a 5.1 acre tract of land in the Interlocken Business Park on Highway 36, the Boulder-Denver Turnpike, which is the main thoroughfare between Boulder and Denver. The Interlocken Building is located approximately eight miles southeast of Boulder and approximately 15 miles northwest of Denver. The Interlocken Building is currently leased as follows:

Floor	Tenant	Rentable Sq. Ft.
1	Multiple	15,599
2	ODS Technologies, L.P.	17,146
3	GAIAM, Inc.	19,229

The entire third floor of the Interlocken Building containing 19,229 rentable square feet (37% of the total rentable square feet) is currently under lease to GAIAM, Inc. (GAIAM). GAIAM, formerly known as Transecom, Inc., is a consumer distributor of environmental friendly products, including on-site video and audio production of environmental and alternative health videos using state-of-the-art electronics and sound stage. GAIAM was founded in 1988 and currently employs approximately 60 people.

The GAIAM lease currently expires in October 2001, subject to GAIAM's right to extend for one additional term of five years upon 180 days' notice. The annual base rent payable under the GAIAM lease is approximately $313,800 for the initial term of the lease. In accordance with the GAIAM lease, Golden Rule, Inc., an affiliate of GAIAM, occupies 6,621 rentable square feet of the third floor. GAIAM guarantees the entire payment due under the GAIAM lease. GAIAM also leases 1,510 rentable square feet on the first floor. The base rent payable for this space for the remainder of the lease term is as follows:

Year	Annual Rent	Monthly Rent
Year 2	$25,800	$2,150
Year 3	$26,400	$2,200

GAIAM currently subleases 2,910 rentable square feet on the first floor from TECWorks, Inc./Enterprise Bank. The annual base rent payable for this space is $48,012.

The entire second floor of the Interlocken Building containing 17,146 rentable square feet (34% of total rentable square feet) is currently under lease to ODS Technologies, L.P. (ODS). ODS provides in-home financial transaction services via telephone and television, and it has developed interactive computer-based applications for such in-home purchasing. Originally based in Tulsa, Oklahoma, ODS relocated its business to the Interlocken Building.

The ODS lease expires in September 2003, subject to ODS's right to extend for one additional term of three years upon 180 days' notice. The base rent payable for the remainder of the ODS lease is as follows:

Year	Annual Rent	Monthly Rent

Year 3	$282,600	$23,550
Year 4	$288,600	$24,050
Year 5	$294,600	$24,550

The rental payments to be made by the tenant under the ODS lease are also secured by the assignment of a $275,000 letter of credit which may be drawn upon by the landlord in the event of a tenant default under the lease.

The first floor of the Interlocken Building containing 15,599 rentable square feet is occupied by several tenants, in addition to GAIAM, whose leases expire in 2002. The aggregate annual base rent payable under these leases for 2000 is approximately $243,696.

The Ohmeda Building

The Ohmeda Building is a two-story office building with approximately 106,750 rentable square feet located in Louisville, Colorado. The IX-X-XI-REIT Joint Venture purchased the Ohmeda Building on February 13, 1998 for a purchase price of $10,325,000. Construction of the Ohmeda Building was completed in January 1988.

The Ohmeda Building is located on a 15.0 acre tract of land in the Centennial Valley Business Park approximately five miles southeast of Boulder and approximately 17 miles northwest of Denver. The Ohmeda Building is situated near Highway 36, which is the main thoroughfare between Boulder and Denver.

The Ohmeda Building is leased to Ohmeda, Inc. (Ohmeda). Ohmeda is a medical supply firm based in Boulder, Colorado and is a worldwide leader in vascular access and hemodynamic monitoring for hospital patients. Ohmeda also has a special products division, which produces neonatal and other oxygen care products. Ohmeda recently extended an agreement with Hewlett-Packard to include co-marketing and promotion of combined Ohmeda/H-P neonatal products.

On April 13, 1998, Instrumentarium Corporation, a Finnish company, acquired the division of Ohmeda that occupies the Ohmeda Building. Instrumentarium is an international health care company concentrating on selected fields of medical technology manufacturing, marketing and distribution.

The Ohmeda lease currently expires in January 2005, subject to Ohmeda's right to extend the Ohmeda Lease for two additional five-year periods of time. The base rent payable under the Ohmeda lease is as follows:

Years	Annual Rent	Monthly Rent
Years 1-5	$1,004,520	$83,710
Year 6	$1,054,692	$87,891
Year 7	$1,107,000	$92,250

The Ohmeda Lease contains an option to expand the premises by an amount of square feet up to a total of 200,000 square feet which, if exercised by Ohmeda, will require the IX-X-XI-REIT Joint Venture to expend funds necessary to acquire additional land, if necessary, and to construct the expansion space.

Ohmeda's option to expand the premises is subject to deliverance of at least four months' prior written notice to the IX-X-XI-REIT Joint Venture. During the four months subsequent to the notice of Ohmeda's intention to expand the premises, Ohmeda and the IX-X-XI-REIT Joint Venture shall negotiate in good faith and enter into an amendment to the Ohmeda lease for the construction and rental of the expansion space. If Ohmeda exercises its option to expand the premises, the right to terminate clause described above will automatically be canceled, and the primary lease term shall be extended for a period of ten years from the date on which a certificate of occupancy is issued by the City of Louisville with respect to the expansion space.

The base rental for the expansion space payable under the Ohmeda lease shall be calculated to generate a rate of return to the IX-X-XI-REIT Joint Venture on its project costs and any retrofit expenses with respect to the existing premises incurred by landlord over the new, ten year extended primary lease term, equal to the prime lending rate published by Norwest Bank, N.A. on the first day of such extended primary lease term, plus 3%, plus full amortization of the tenant finish costs with respect to the expansion space and the existing premises. This base rental shall be payable through January 31, 2005. The base rental payable under the Ohmeda lease from February 1, 2005 through the remaining balance of the new, extended ten year primary lease term, shall be based on a combined rental rate equal to the sum of (1) the base rental payable by Ohmeda during lease year number seven for the existing premises, plus (2) the base rent payable by Ohmeda during lease year number seven for the expansion space, plus an amount equal to 2% of the combined rental rate. Thereafter, the base rent payable for the entire premises shall be the base rent payable during the previous lease year plus an amount equal to 2% of the base rent payable during such previous lease year.

The Alstom Power Knoxville Building

The Alstom Power Knoxville Building (formerly known as the ABB Knoxville Building) is a three-story multi-tenant steel-framed office building containing approximately 84,404 square feet located in Knoxville, Tennessee. Wells Fund IX purchased the land and constructed the Alstom Power Knoxville Building. Wells Fund IX contributed the Alstom Power Knoxville Building to the IX-X-XI-REIT Joint Venture on March 26, 1997 and was credited with making a $7,900,000 capital contribution. Construction of the Alstom Power Knoxville Building was completed in December 1997.

The Alstom Power Knoxville Building is located on approximately 5.6 acres located in an office park known as Center Point Business Park on Pellissippi Parkway just north of the intersection of Interstates 40 and 75, in Knox County, Tennessee approximately 10 miles west of the Knoxville central business district.

The Alstom Power Knoxville Building is currently leased to Alstom Power, Inc. (Alstom Power). Alstom Power is the result of the December 30, 1999, merger between ABB Power Generation, Inc. (ABB Power) and ABB Alstom Power, Inc. As of June 22, 2000, ABB Alstom Power, Inc. changed its name to Alstom Power, Inc. ABB Power was a subsidiary of Asea Brown Boveri, Inc., a large multi-national engineering and construction company headquartered in Switzerland.

As security for Alstom Power's obligations under its lease, Alstom Power has provided to the IX-X-XI-REIT Joint Venture an irrevocable standby letter of credit in accordance with the terms and conditions set forth in the Alstom Power Knoxville lease. The letter of credit maintained by Alstom Power is required to be in the amount of $4,000,000 until the seventh anniversary of the rental commencement date, at which time it will be reduced by $1,000,000 each year until the end of the lease term.

The initial term of the Alstom Power Knoxville lease is nine years and 11 months which commenced on January 1, 1998 and expires in December 2007. The annual base rent payable under the Alstom Power Knoxville lease is $1,106,520 payable in equal monthly installments of $92,210 during the first five years of the initial lease term, $1,233,120 payable in equal monthly installments of $102,760 during the next two years of the initial lease term, and $1,220,484 payable in equal monthly installments of $101,707 during the last two years and

11 months of the initial lease term.

The IX-X-XI-REIT Joint Venture has agreed to provide Alstom Power on the fifth anniversary of the rental commencement date a redecoration allowance of an amount equal to (1) $5.00 per square foot of useable area of the premises leased which has been leased and occupied by Alstom Power for at least three consecutive years ending with such fifth anniversary reduced by (2) $177,000.

Alstom Power has a one-time option to terminate the Alstom Power Knoxville lease as of the seventh anniversary of the rental commencement date which is exercisable by written notice to the IX-X-XI-REIT Joint Venture at least 12 months in advance of such seventh anniversary. If Alstom Power elects to exercise this termination option, Alstom Power is required to pay to the IX-X-XI-REIT Joint Venture, on or before 90 days prior to the seventh anniversary of the rental commencement date, a termination payment intended to compensate the IX-X-XI-REIT Joint Venture for the present value of certain sums which the joint venture has expended in connection with the Alstom Power Knoxville lease amortized over and attributable to the remaining lease term and a rent payment equal to approximately 15 months of monthly base rental payments. We currently anticipate that the termination payment required to be paid by Alstom Power in the event it exercises its option to terminate the Alstom Power Knoxville lease on the seventh anniversary would be approximately $1,800,000 based upon certain assumptions.

The Avaya Building

The Avaya Building (formerly known as the Lucent Technologies Building) is a one-story office building containing approximately 57,186 rentable square feet which was developed and constructed on certain real property located in Oklahoma City, Oklahoma by Wells Development. The Avaya Building was purchased by the IX-X-XI-REIT Joint Venture on June 24, 1998 for a purchase price of $5,504,276, which was equal to the aggregate cost to Wells Development of the acquisition, construction and development of the Avaya Building, including interest and other carrying costs, and accordingly, Wells Development made no profit from the sale of the Avaya Building to the IX-X-XI-REIT Joint Venture. Construction of the Avaya Building was completed in January 1998.

The Avaya Building is located on approximately 5.3 acres located in the Quail Springs Office Park, 1400 Hertz Quail Springs Parkway, in the northwest sector of Oklahoma City.

The Avaya Building is leased to Avaya, Inc. (Avaya), the former Enterprise Networks Group of Lucent Technologies Inc. (Lucent Technologies). Lucent Technologies, the former tenant, assigned the lease to Avaya on September 30, 2000. Lucent Technologies, who remains liable on the lease, is a telecommunications company which was spun off by AT&T in April 1996. Lucent Technologies, which is traded on the New York Stock Exchange, is in the business of designing, developing and marketing communications systems and technologies ranging from microchips to whole networks and is one of the

world's leading designers, developers and manufacturers of telecommunications system software and products.

The initial term of the Avaya lease is ten years which commenced on January 5, 1998 and expires in January 2008. Avaya has the option to extend the initial term of the Avaya lease for two additional five-year periods. The annual base rent payable under the Avaya lease will be $508,383 payable in equal monthly installments of $42,365 during the first five years of the initial lease term, and $594,152 payable in equal monthly installments of $49,513 during the second five years of the initial lease term. The annual base rent for each extended term under the lease will be based upon the fair market rent then being charged by landlords under new leases of office space in the metropolitan Oklahoma City market for similar space in a building of comparable quality with comparable amenities. The Avaya lease provides that if the parties cannot agree upon the appropriate fair market value rate, the rate will be established by real estate appraisers.

Under the Avaya lease, Avaya also has a one-time option to terminate

the Avaya lease on the seventh anniversary of the rental commencement date, which is exercisable by written notice to the landlord at least 12 months in advance of such seventh anniversary. If Avaya elects to exercise its option to terminate the Avaya lease, Avaya would be required to pay a termination payment intended to compensate the landlord for the present value of funds expended as a construction allowance and leasing commissions relating to the Avaya lease, amortized over and attributable to the remaining lease term, and a rental payment equal to approximately 18 months of monthly rental payments. We currently anticipate that the termination payment required to be paid by Avaya, in the event it exercises its option to terminate the Avaya lease on the seventh anniversary, would be approximately $1,339,000 based upon certain assumptions.

Property Management Fees

Wells Management, our Property Manager, has been retained to manage and lease all of the properties currently owned by the IX-X-XI-REIT Joint Venture and the VIII-IX-REIT Joint Venture. While Wells Fund XI and the Wells REIT are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 4.5% of gross revenues, Wells Fund VIII, Wells Fund IX and Wells Fund X are authorized to pay aggregate management and leasing fees to Wells Management in the amount of 6% of gross revenues. Accordingly, a portion of the gross revenues of these joint ventures will be subject to a 6% management and leasing fee and a portion of gross revenues will be subject to a 4.5% management and leasing fee based upon the respective ownership percentages in the joint ventures.

Wells Management has been retained to manage and lease each of the remaining buildings for fees not exceeding the lesser of: (A) 4.5% of gross revenues, or (B) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Wells REIT, calculated on an annual basis. For purposes of this calculation, net asset value shall be defined as the excess of (1) the aggregate of the fair market value of all properties owned by the Wells REIT (excluding vacant properties), over (2) the aggregate outstanding debt of the Wells REIT (excluding debts having maturities of one year or less). In addition, we may pay Wells Management a separate fee for the one-time initial rent-up or leasing-up of newly constructed properties in an amount not to exceed the fee customarily charged in arm's length transactions by others rendering similar services in the same geographic area for similar properties as determined by a survey of brokers and agents in such area (customarily equal to the first month's rent).

Wells Management received a one-time initial lease-up fee equal to the first month's rent for the leasing of the Alstom Power Knoxville Building, the Avaya Building, the Matsushita Building and the Alstom Power Richmond Building.

Real Estate Loans

The SouthTrust Loans

Wells OP has established various secured lines of credit with SouthTrust Bank, N.A. (SouthTrust) whereby SouthTrust has agreed to loan in the aggregate an amount of up to $72,140,000 to Wells OP in connection with its purchase of real properties. The interest rate on each of these separate lines of credit is an annual variable rate equal to the London InterBank Offered Rate (LIBOR) for a 30 day period plus 175 basis points. Wells OP will be charged an advance fee of 0.125% of the amount of each advance. As of December 15, 2000, the interest rate was 8.44% per annum.

The $32,393,000 SouthTrust Line of Credit

The $32,393,000 SouthTrust line of credit requires monthly payments of interest only and matures on June 10, 2002. This SouthTrust line of credit is secured by first priority mortgages against the Cinemark Building, the Dial Building and the ASML Building. As of December 15, 2000, the outstanding principal balance of the $32,393,000 SouthTrust line of credit was $17,028,850.

The $12,844,000 SouthTrust Line of Credit

The $12,844,000 SouthTrust line of credit requires monthly payments of interest only and matures on June 10, 2002. This SouthTrust line of credit is secured by a first priority mortgage against the PwC Building. As of December 15, 2000, there was no outstanding principal balance on the $12,844,000 SouthTrust line of credit.

The $19,003,000 SouthTrust Line of Credit

The $19,003,000 SouthTrust line of credit requires monthly payments of interest only and matures on June 10, 2002. This SouthTrust line of credit is secured by first priority mortgages against the Avnet Building and the Motorola Tempe Building. As of December 15, 2000, there was no outstanding principal balance on the $17,800,000 SouthTrust line of credit.

The $7,900,000 SouthTrust Line of Credit

Wells LLC - VA originally obtained a loan from SouthTrust Bank, N.A. in connection with the acquisition, development and construction of the Alstom Power Richmond Building (formerly known as the ABB Richmond Building). After completion of the construction, SouthTrust converted the construction loan into a separate line of credit in the maximum principal amount up to $7,900,000. This SouthTrust line of credit requires payments of interest only and matures on June 10, 2002. The $7,900,000 SouthTrust line of credit is secured by a first priority mortgage against the Alstom Power Richmond Building, the Alstom Power Richmond lease and a $4,000,000 letter of credit issued by Unibank. As of December 15, 2000, there was no outstanding principal balance on the $7,900,000 SouthTrust line of credit.

The BOA Loan

Wells OP originally obtained a loan in the amount of $6,425,000 from Bank of America, N.A. (BOA Loan), to fund a portion of the purchase price of the AT&T Building (formerly the Vanguard Cellular Building) located in Harrisburg, Pennsylvania. On November 23, 1999, the BOA Loan was converted to a revolving credit loan in the maximum principal amount of $9,825,000 for the acquisition of real properties by Wells OP. On February 24, 2000, the credit limit of the BOA Loan was increased

further to $26,725,000. The BOA Loan requires monthly payments of interest only and matures on January 4, 2002. The interest rate on the BOA Loan is a variable rate per annum equal to the LIBOR for a thirty-day period plus 200 basis points. As of December 15, 2000, the interest rate on the BOA Loan was 8.69% per annum. The BOA Loan is secured by first priority mortgages against both the AT&T Building and the Marconi Building. As of December 15, 2000, the outstanding principal balance of the BOA Loan was $14,300,149.

The Metris Loan

Wells OP assumed a loan (Metris Loan) with Richter-Schroeder Company, Inc. in connection with its purchase of the Metris Building. The Metris Loan requires monthly payments of interest only and matures on February 11, 2003. The interest rate on the Metris Loan is an annual variable rate equal to the LIBOR for a thirty-day period plus 175 basis points. As of December 15, 2000, the interest rate on the Metris Loan was 8.44% per annum. The Metris Loan is secured by a first mortgage against the Metris Building. As of December 15, 2000, the outstanding principal balance of the Metris Loan was $8,000,000.

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 the notes thereto.

This section and other sections of the prospectus contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including discussion and analysis of the financial condition of the Wells REIT, anticipated capital expenditures required to complete certain projects, amounts of cash

distributions anticipated to be distributed to shareholders in the future and certain other matters. Readers of this prospectus should be aware that there are various factors that could cause actual results to differ materially from any forward-looking statement made in this prospectus, which include changes in general economic conditions, changes in real estate conditions, construction costs which may exceed estimates, construction delays, increases in interest rates, lease-up risks, inability to obtain new tenants upon the expiration of existing leases, lack of availability of financing and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.

Liquidity and Capital Resources

We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares pursuant to our initial public offering, which commenced on January 30, 1998. We terminated our initial public offering on December 19, 1999, and on December 20, 1999, we commenced a follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. As of December 31, 1999, we had raised an aggregate of $134,710,850 in offering proceeds through the sale of 13,471,085 shares. As of December 31, 1999, we had paid $4,714,880 in acquisition and advisory fees and acquisition expenses, $16,838,857 in selling commissions and organizational and offering expenses, and $112,287,969 in capital contributions to Wells OP for investments in joint ventures and acquisitions of real properties. As of December 31, 1999, we were holding net offering proceeds of approximately $869,144 available for investment in additional properties.

Between December 31, 1999, and September 30, 2000, we raised an additional $127,695,246 in offering proceeds through the sale of an additional 12,769,524 shares. Accordingly, as of September 30, 2000, we had raised a total of $262,406,096 in offering proceeds through the sale of 26,240,610 shares of common stock. As of September 30, 2000, we had paid a total of $9,161,189 in acquisition and advisory

fees and acquisition expenses, had paid a total of $32,718,532 in selling commissions and organizational and offering expenses, had made capital contributions of $211,641,497 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $657,844 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $8,227,034 available for investment in additional properties.

Cash and cash equivalents at September 30, 2000 and 1999 were $12,257,161 and $2,850,263, respectively. The increase in cash and cash equivalents resulted primarily from raising additional capital which was offset by increased investments in real property acquisitions.

Operating cash flows are expected to increase as additional properties are added to our investment portfolio. Dividends to be distributed to the shareholders are determined by the board of directors and are dependent upon a number of factors relating to the Wells REIT, including funds available for payment of dividends, financial condition, capital expenditure requirements and annual distribution requirements in order to maintain our status as a REIT under the Internal Revenue Code.

As of September 30, 2000, we had acquired interests in 25 real estate properties. These properties are generating sufficient cash flow to cover our operating expenses and pay quarterly dividends. Dividends declared for the third quarter of 2000 and the third quarter of 1999 totaled $0.1875 and $0.1750 per share, respectively, which were declared on a daily record date basis in the amount of $0.002038 and $0.001902, respectively, per share payable to the shareholders of record at the close of business of each day during the quarter.

On February 18, 1999, Wells OP entered into a Rental Income Guaranty Agreement with the VIII-IX Joint Venture. The Rental Income Guaranty Agreement provided for a guarantee by Wells OP to the VIII-IX Joint Venture that it would receive rental income on the Quest Building (formerly known as the Bake Parkway Building) previously leased to Matsushita Avionics at least equal to the rental and building expenses that the VIII-IX Joint Venture would have received over

the remaining term of its original lease with Matsushita Avionics. Matsushita Avionics vacated the Quest Building in December 1999, with the existing lease term ending in September 2003, in order to occupy the Matsushita Building developed and constructed by Wells OP. On June 15, 2000, the VIII-IX-REIT Joint Venture was formed between Wells OP and the VIII-IX Joint Venture for purposes of owning and operating the Quest Building. On July 1, 2000, the VIII-IX Joint Venture transferred the Quest Building to the VIII-IX-REIT Joint Venture as its capital contribution. (See "Description of Properties -- Joint Ventures with Affiliates.") Under the Rental Income Guaranty Agreement, Wells OP also guaranteed that, if a joint venture such as the VIII-IX-REIT Joint Venture was ever formed by the parties for the ownership and operation of the Quest Building, Wells OP would guaranty to the VIII-IX Joint Venture that it would receive monthly cash flow distributions from such joint venture at least equal to the rent and building expenses guaranteed under the Rental Income Guaranty Agreement. Currently the Quest Building is leased by Quest Software, Inc. (Quest) pursuant to a 42 month lease that expires on December 31, 2003. (See "Description of Properties -- The Quest Building.")

Wells OP had paid approximately $542,645 in rental income guaranty payments to the VIII-IX Joint Venture through September 30, 2000, and will continue making payments in the amount of $6,656 per month through February 2001 to cover initial rental concessions granted to Quest in order to induce Quest to rent the Quest Building. Our maximum liability exposure to the VIII-IX Joint Venture for rental income and building expenses potentially payable under this Rental Income Guaranty Agreement of approximately $3,000,000 was taken into account in the economic analysis performed in making the determination to go forward with the development of the Matsushita Building. Although the lease of the Quest Building by Quest has substantially reduced our financial exposure under the Rental Income Guaranty Agreement, we cannot, at this time, determine the amount of any future liability if Quest

defaults or otherwise fails to make the required payments under its lease. Wells OP continues to guaranty payment under the Rental Income Guaranty Agreement and, consequently, continues to bear some risk, even though their risk has been substantially minimized by the lease with Quest. Payments made to the VIII-IX Joint Venture under the Rental Income Guaranty Agreement are made from capital proceeds raised and are being capitalized over the term of the lease with Matsushita Avionics for the Matsushita Building.

Cash Flows From Operating Activities

Net cash provided by operating activities was $4,737,973 for the nine months ended September 30, 2000 and $2,273,102 for the nine months ended September 30, 1999. The increase in net cash provided by operating activities was due primarily to the purchase of additional properties in late 1999 and 2000.

Cash Flows From Investing Activities

The increase in net cash used in investing activities from $75,420,671 for the nine months ended September 30, 1999 to $113,424,119 for the nine months ended September 30, 2000 was due primarily to the raising of additional capital and funds that have been invested in real property acquisitions.

Cash Flows From Financing Activities

The increase in net cash provided by financing activities from $68,018,429 for the nine months ended September 30, 1999 to $118,013,503 for the nine months ended September 30, 2000 was due primarily to the raising of additional capital and the corresponding increase in funds borrowed to purchase additional properties. We raised $127,695,243 in offering proceeds for the nine months ended September 30, 2000, as compared to $76,927,944 for the nine months ended September 30, 1999. In addition, we received loan proceeds from financing secured by properties of $67,883,130 and repaid notes payable in the amount of $52,903,328 for the nine months ended September 30, 2000.

Results of Operations

As of September 30, 2000, our real estate properties were 100% occupied by tenants. Gross revenues for the nine months ended September 30, 1999 and for the nine months ended September 30, 2000 were $3,996,290 and $15,734,638, respectively. This increase in revenues was due to the purchase of additional properties during late 1999 and 2000. The purchase of interests in additional properties also resulted in an increase in operating expenses, management and leasing fees, and depreciation expense. Our net income increased to $5,737,537 for the first nine months of 2000 as compared to $2,272,432 for the first nine months of 1999.

Subsequent Events

On November 1, 2000, Wells OP acquired a three-story 236,710 square foot office building (Motorola Plainfield Building) located at Durham Avenue on Interstate 287 in South Plainfield, New Jersey for a purchase price of $33,648,156, plus closing costs of $105,225. The Motorola Plainfield Building is 100% leased to Motorola, Inc. (See "Description of Properties -- The Motorola Plainfield Building.")

Property Operations

As of September 30, 2000, we have provided the following operational information relating to our real estate properties:

The Alstom Power Knoxville Building (formerly the ABB Knoxville Building)/ The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 288,969	$ 261,986	$ 895,551	$ 784,065
Interest income	19,871	15,024	53,575	46,765
	308,840	277,010	949,126	830,830
Expenses:				
Depreciation	98,454	135,499	295,362	403,699
Management and leasing expenses	36,277	32,260	112,232	93,666
Other operating expenses	(26,544)	(17,097)	(69,178)	(13,390)
	108,187	150,662	338,416	483,975
Net income	$ 200,653	$ 126,348	$ 610,710	$ 346,855
Occupied percentage	100%	98.28%	100%	98.28%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 11,074	$ 9,855	$ 33,513	$ 28,263
Net income allocated to the Wells REIT	$ 7,451	$ 4,721	$ 22,700	$ 13,043

Rental income increased in 2000, over 1999, due primarily to the increased occupancy level of the property. Total expenses decreased due to a decrease in depreciation expense. This decrease resulted from an accelerated depreciation on tenant improvements for a short-term lease in 1999 for 23,092 square feet. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Tenants are billed an estimated amount for the current year common area maintenance (CAM) which is then reconciled the following year and the difference billed to the tenant. Net income and cash distributions increased in 2000, over 1999, due to a combination of increased rental income and decreased operating expenses.

Our ownership percentage interest in the IX-X-XI-REIT Joint Venture

decreased slightly due to additional capital contributions made by Wells Fund IX and Wells Fund X, respectively, to the IX-X-XI-REIT Joint Venture in the first and second quarters of 2000 for funding of capital improvements.

The Ohmeda Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 256,829	$ 256,829	$ 770,486	$ 770,486
Expenses:				
Depreciation	81,576	81,576	244,728	244,728
Management and leasing expenses	12,826	11,618	41,656	35,293
Other operating expenses	(7,585)	3,899	73,410	(188)
	86,817	97,093	359,794	279,833
Net income	$ 170,012	$ 159,736	$ 410,692	$ 490,653

Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 9,130	$ 8,804	$ 23,726	$ 26,992
Net income allocated to the Wells REIT	$ 6,312	$ 5,969	$ 15,265	$ 18,438

Net income decreased in 2000, as compared to 1999, due to an overall increase in expenses. Operating expenses increased significantly due, in part, to a significant rise in real estate taxes, which resulted from the revaluation of the property by Boulder County authorities in 1999. A later reduction in taxes resulting from an appeal in 2000 was offset by a CAM credit to the tenant.

Rental income remained stable for the three months ended September 30, 2000, as compared to the same period in 1999. Total expenses decreased for the three month period ended September 30, 2000, as compared to the same period for 1999, due largely to other operating expenses being negative. This was due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Cash distributions and net income allocated to the Wells REIT for the three month period ended September 30, 2000 increased slightly as compared to 1999.

The Interlocken Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 207,454	$ 207,791	$ 635,898	$ 622,070
Expenses:				
Depreciation	71,670	71,670	215,010	215,010
Management and leasing expenses	27,019	18,899	83,736	54,518
Other operating costs	(2,165)	(5,291)	(54,699)	5,342
	96,524	85,278	244,047	274,870

Net income	$ 110,930	$ 122,513	$ 391,851	$ 347,200
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 6,800	$ 7,200	$ 22,679	$ 20,952
Net income allocated to the Wells REIT	$ 4,119	$ 4,578	$ 14,566	$ 13,041

Rental income increased due to a tenant occupying additional space previously leased to another tenant at a lower rate. Other operating expenses are negative due to an offset of tenant reimbursements in operating costs, as well as management and leasing fee reimbursements. Tenants are billed an estimated amount for current year CAM which is then reconciled the following year and the difference billed to the tenants. Due to these CAM reimbursements, management and leasing fees increased since these fees are charged based on actual receipts.

Cash distributions and net income allocated to the Wells REIT for the quarter ended September 30, 2000 decreased in 2000, as compared to 1999, due to a decrease in net income.

The Avaya Building (formerly the Lucent Technologies Building)/ The IX-X-XI-REIT Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 145,752	$ 145,752	$ 437,256	$ 437,256
Expenses:				
Depreciation	45,801	45,801	137,403	137,403
Management and leasing expenses	5,369	5,370	16,109	16,109
Other operating expenses	1,669	1,766	9,688	13,964
	52,839	52,937	163,200	167,476
Net income	$ 92,913	$ 92,815	$ 274,056	$ 269,780
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 4,723	$ 4,750	$ 14,048	$ 14,006
Net income allocated to the Wells REIT	$ 3,450	$ 3,468	$ 10,187	$ 10,140

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses were slightly lower, due primarily to a one-time charge for consulting fees in 1999 which did not occur in 2000.

On September 30, 2000, Lucent Technologies, Inc. assigned its interest in the lease as tenant to Avaya, Inc., the former Enterprise Networks Group of Lucent Technologies.

The Iomega Building/The IX-X-XI-REIT Joint Venture

	Three Months Ended	Nine Months Ended

	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 168,250	$ 150,009	$ 504,750	$ 397,755
Expenses:				
Depreciation	55,062	48,495	165,186	145,485
Management and leasing expenses	7,319	8,291	21,879	17,629
Other operating expenses	2,253	1,290	12,620	3,815
	64,634	58,076	199,685	166,929
Net income	$ 103,616	$ 91,933	$ 305,065	$ 230,826
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	3.71%	3.74%	3.71%	3.74%
Cash distributed to the Wells REIT	$ 5,713	$ 5,103	$ 16,940	$ 13,702
Net income allocated to the Wells REIT	$ 3,848	$ 3,435	$ 11,339	$ 8,672

Rental income increased in 2000, as compared to 1999, due to the completion of the parking lot complex in the second quarter of 1999. Total expenses increased in 2000, over 1999, due to an increase in depreciation and real estate tax expenses relating to the new parking lot. Cash distributions increased in 2000, over 1999, due primarily to the increase in net income.

The Cort Furniture Building/The Cort Joint Venture

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 198,885	$ 198,885	$ 596,656	$ 596,656
Expenses:				
Depreciation	46,641	46,641	139,923	139,923
Management and leasing expenses	8,701	7,590	23,881	22,770
Other operating expenses	6,445	5,993	10,375	19,446
	61,787	60,224	174,179	182,139
Net income	$ 137,098	$ 138,661	$ 422,477	$ 414,517
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	43.7%	43.7%	43.7%	43.7%
Cash distributed to the Wells REIT	$ 76,243	$ 76,926	$ 233,613	$ 230,137
Net income allocated to the Wells REIT	$ 59,867	$ 60,550	$ 184,484	$ 181,008

Rental income, depreciation, and management and leasing expenses remained stable in 2000, as compared to 1999, while other operating expenses are lower due to common area maintenance (CAM) reimbursements billed in 2000 to the tenants. Tenants are billed an estimated amount for CAM which is then reconciled the following year, and the difference is billed to the tenant. No CAM was charged to the tenant in 1999.

The Fairchild Building/The Fremont Joint Venture

	Three Months Ended	Nine Months Ended

	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 225,195	$ 225,210	$ 675,585	$ 675,631
Expenses:				
Depreciation	71,382	71,382	214,146	214,146
Management and leasing expenses	9,175	9,303	27,525	27,970
Other operating expenses	3,244	6,457	9,856	13,772
	83,801	87,142	251,527	255,888
Net income	$ 141,394	$ 138,068	$ 424,058	$ 419,743
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	77.5%	77.5%	77.5%	77.5%
Cash distributed to the Wells REIT	$ 158,817	$ 151,627	$ 476,354	$ 459,174
Net income allocated to the Wells REIT	$ 109,587	$ 107,009	$ 328,663	$ 325,318

Rental income, net income and cash distributions to the Wells REIT remained stable in 2000, as compared to 1999.

The PwC Building

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
Revenues:				
Rental income	$ 552,298	$ 552,297	$1,656,894	$1,656,637
Expenses:				
Depreciation	206,037	205,236	618,111	616,257
Management and leasing expenses	37,760	37,612	116,142	111,147
Other operating expenses	(28,672)	(77,618)	(134,352)	103,599
	215,125	165,230	599,901	831,003
Net income	$ 337,173	$ 387,067	$1,056,993	$ 825,634
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	100%	100%	100%	100%
Cash distributed to the Wells REIT	$ 488,547	$ 526,399	$1,512,625	$1,244,179
Net income allocated to the Wells REIT	$ 337,173	$ 387,067	$1,056,993	$ 825,634

Rental income has remained stable. Other operating expenses are negative due to increased CMA billings in 2000. Management and leasing fee reimbursements are also included in other operating expenses. Tenants are billed an estimated amount for current year CAM which is then reconciled the following year, and the difference billed to the tenants.

The AT&T Building (formerly the Vanguard Cellular Building)

	Three Months Ended		Nine Months Ended	Nine Months Ended
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999

Revenues:				
Rental income	$ 340,832	$ 455,471	$1,022,497	$ 930,145
Expenses:				
Depreciation	120,744	120,750	362,232	321,972
Management and leasing expenses	15,525	20,532	46,201	29,082
Other operating expenses	831	3,362	6,941	12,931
Interest expense	2,915	27,470	9,331	206,046
	140,015	172,114	424,705	570,031
Net income	$ 200,817	$ 283,357	$ 597,792	$ 360,114
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	100%	100%	100%	100%
Cash distributed to the Wells REIT	$ 314,681	$ 300,004	$ 953,280	$ 579,189
Net income allocated to the Wells REIT	$ 200,817	$ 283,357	$ 597,792	$ 360,114

Rental income decreased for the three months ended September 30, 2000, as compared to the three months ended September 30, 1999, due to an understatement of straight line rent in that was adjusted in the third quarter of 1999. Interest expense has decreased in 2000 due to a substantial decrease in the note payable related to this property.

Since the AT&T Building was purchased in February 1999, comparable income and expenses figures for the prior period ended September 30, 1999 covered only eight months. Accordingly, the prior period is not comparable to the nine months ended September 30, 2000.

The EYBL CarTex Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Five Months Ended Sept. 30, 1999
Revenues:				
Rental income	$ 142,207	$ 140,048	$ 422,385	$ 210,173
Expenses:				
Depreciation	49,902	49,902	149,702	83,170
Management and leasing expenses	16,197	3,814	27,415	14,663
Other operating expenses	3,416	5,165	16,163	5,165
	69,515	58,881	193,280	102,998
Net income	$ 72,692	$ 81,167	$ 229,105	$ 107,175
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%	70.1%
Cash distributed to the Wells REIT	$ 67,917	$ 68,084	$ 190,825	$ 103,599
Net income allocated to the Wells REIT	$ 44,820	$ 46,791	$ 130,047	$ 65,039

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Rental income increased slightly for the three month period ended September 30, 2000, as compared to the same period in 1999. Total expenses increased for the three month period ended September 30, 2000, as compared to the same period in 1999, due to an annual leasing commission paid to an outside broker pursuant to the terms of the purchase agreement. Cash distributions and net income allocated to the Wells REIT decreased for the three month period ended September 30, 2000 because of the decrease in net income.

Since the EYBL CarTex Building was purchased in May 1999, comparable income and expense figures for the prior period ended September 30, 1999 covered

only five months. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

Our ownership interest in the XI-XII-REIT Joint Venture decreased due to the admittance of Wells Fund XII to the XI-REIT Joint Venture on June 21, 1999. Our ownership interest was 70.1% for May and June of 1999 and 56.8% for July through September of 1999.

The Sprint Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999
Revenues:				
Rental income	$ 265,997	$ 264,654	$ 797,991	$ 264,654
Expenses:				
Depreciation	81,779	81,776	245,336	81,776
Management and leasing expenses	11,239	7,493	33,718	7,493
Other operating expenses	3,306	1,283	13,964	1,283
	96,324	90,552	293,018	90,552
Net income	$ 169,673	$ 174,102	$ 504,973	$ 174,102
Occupied percentage	100%	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$ 133,516	$ 137,150	$ 398,252	$ 137,150
Net income allocated to the Wells REIT	$ 96,311	$ 100,192	$ 286,638	$ 100,192

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Rental income increased slightly for the three months ended September 30, 2000, as compared to the same period in 1999. Total expenses increased for the three months ended September 30, 2000, as compared to the same period in 1999, due largely to the increase in management and leasing fees as well as other operating expenses. Cash distributions and net income allocated to the Company decreased for the three months ended September 30, 2000 due to a decrease in net income.

Since the Sprint Building was purchased in July 1999, comparative income and expense figures for the prior period ended September 30, 1999 covered only three months. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Johnson Matthey Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Two Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$ 219,349	$ 123,566	$ 648,297
Expenses:			

Depreciation	63,869	42,567	191,606
Management and leasing expenses	9,230	0	27,089
Other operating expenses	(1,535)	470	8,594
	71,564	43,037	227,289
Net income	$ 147,785	$ 80,529	$ 421,008
Occupied percentage	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$ 110,419	$ 66,517	$ 318,504
Net income allocated to the Wells REIT	$ 83,836	$ 44,409	$ 238,977

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Since the Johnson Matthey Building was purchased in August 1999, comparative income and expense figures for the prior period covered only two months. Accordingly, the prior period cannot be compared to the nine months ended September 30, 2000.

The Gartner Building/The XI-XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	One Month Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$ 216,567	$ 32,502	$ 637,375
Expenses:			
Depreciation	77,623	25,874	232,868
Management and leasing expenses	9,970	0	29,218
Other operating expenses	(7,603)	0	(27,396)
	79,990	25,874	234,690
Net income	$ 136,577	$ 6,628	$ 402,685
Occupied percentage	100%	100%	100%
Our ownership percentage	56.8%	56.8%	56.8%
Cash distributed to the Wells REIT	$ 110,861	$ 10,374	$ 328,570
Net income allocated to the Wells REIT	$ 77,525	$ 3,763	$ 228,574

Other operating expenses are negative due to an offset of tenant reimbursements in operating costs both for the first quarter of 2000 as well as the fourth quarter of 1999. Since the building was purchased in September of 1999, we were not able to estimate the amount to be billed for 1999 until the first quarter of 2000.

Since the acquisition of the property by the XI-XII-REIT Joint Venture, the property has remained 100% occupied, and no significant changes have occurred to its operations.

Since the Gartner Building was purchased in September 1999, comparative income and expense figures for the prior period ended September 30, 1999 covered only one month. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Marconi Building (formerly the Videojet Building)

	Three Months Ended Sept. 30, 2000	One Month Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000
Revenues:			
Rental income	$ 817,819	$ 219,376	$ 2,453,457
Expenses:			
Depreciation	293,352	97,774	880,056
Management and leasing expenses	35,510	10,679	108,472
Other operating expenses	4,433	254	16,928
	333,295	108,707	1,005,456
Net income	$ 484,524	$ 110,669	$ 1,448,001
Occupied percentage	100%	100%	100%
Our ownership percentage	100%	100%	100%
Cash distributed to the Wells REIT	$ 673,367	$ 157,899	$ 2,016,472
Net income allocated to the Wells REIT	$ 484,524	$ 110,669	$ 1,448,001

Since the Marconi Building was purchased in September 1999, comparable income and expense figures for the prior period ended September 30, 1999 covered only one month. Accordingly, the prior period is not comparable to the nine month period ended September 30, 2000.

The Matsushita Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 492,420	$ 1,509,449
Expenses:		
Depreciation	244,909	754,423
Management and leasing expenses	48,022	138,940
Other operating expenses	17,211	51,891
	310,142	945,254
Net income	$ 182,278	$ 564,195
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 441,254	$ 1,156,810
Net income generated to the Wells REIT	$ 182,278	$ 564,195

Construction of the Matsushita Building is complete, and the aggregate of all costs and expenses incurred by Wells OP with respect to the acquisition and construction of the Matsushita Building was $18,576,701. The monthly base rent for the Matsushita Building is $154,602.

Since the Matsushita Building opened in January 2000, comparable income and expense figures for the prior period are not available.

The Cinemark Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 701,262	$ 2,104,128
Interest income	3,084	$ 4,332
	704,346	2,108,460
Expenses:		
Depreciation	212,310	636,896
Management and leasing expenses	38,127	100,167
Other operating expenses	144,809	453,912
	395,246	1,190,975
Net income	$ 309,100	$ 917,485
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 474,274	$ 1,412,711
Net income allocated to the Wells REIT	$ 309,100	$ 917,485

Since the Cinemark Building was purchased in December 1999, comparable income and expense figures for the prior period are not available.

The Metris Building

	Three Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 308,459	$ 790,503
Expenses:		
Depreciation	120,792	318,298
Management and leasing expenses	13,365	34,102
Other operating expenses	3,892	10,970
	138,049	363,370
Net income	$ 170,410	$ 427,133
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 281,392	$ 717,190
Net income allocated to the Wells REIT	$ 170,410	$ 427,133

Since the Metris Building was purchased in February 2000, comparable income and expense figures for the prior period are not available.

The Dial Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 346,918	$ 705,027
Expenses:		
Depreciation	120,591	251,094
Management and leasing expenses	15,710	32,122
Other operating expenses	19,459	32,400
	155,760	315,616
Net income	$ 191,158	$ 389,411
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 325,069	$ 667,145
Net income allocated to the Wells REIT	$ 191,158	$ 389,411

Since the Dial Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The ASML Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		
Rental income	$ 586,875	$ 1,189,297
Expenses:		
Depreciation	193,620	391,056
Management and leasing expenses	26,366	54,688
Other operating expenses	75,823	131,993
	295,809	577,737
Net income	$ 291,066	$ 611,560
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$ 401,031	$ 835,306
Net income allocated to the Wells REIT	$ 291,066	$ 611,560

Since the ASML Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The Motorola Tempe Building

	Three Months Ended Sept. 30, 2000	Seven Months Ended Sept. 30, 2000
Revenues:		

Rental income	$485,835	$986,539
Expenses:		
Depreciation	184,064	366,103
Management and leasing expenses	20,654	42,352
Other operating expenses	84,162	150,817
	288,880	559,272
Net income	$196,955	$427,267
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$366,882	$764,851
Net income allocated to the Wells REIT	$196,955	$427,267

Since the Motorola Tempe Building was purchased in March 2000, comparable income and expense figures for the prior period are not available.

The Siemens Building/The XII-REIT Joint Venture

	Three Months Ended Sept. 30, 2000	Five Months Ended Sept. 30, 2000
Revenues:		
Rental income	$376,103	$598,678
Expenses:		
Depreciation	106,736	176,070
Management and leasing expenses	14,736	18,020
Other operating expenses	1,805	2,032
	123,277	196,122
Net income	$252,826	$402,556
Occupied percentage	100%	100%
Our ownership percentage	50%	50%
Cash distributed to the Wells REIT	$155,462	$248,781
Net income allocated to the Wells REIT	$126,413	$201,278

Since the Siemens Building was purchased in May 2000, comparative income and expense figures for the prior period are not available.

The Avnet Building

	Three Months Ended Sept. 30, 2000	Four Months Ended Sept. 30, 2000
Revenues:		
Rental income	$442,449	$533,037
Expenses:		
Depreciation	132,714	176,952
Management and leasing expenses	21,008	21,008
Other operating expenses	59,576	72,007
	213,298	269,967

Net income	$229,151	$263,070
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$298,703	$366,292
Net income allocated to the Wells REIT	$229,151	$263,070

Since the Avnet Building was purchased in June 2000, comparable income and expense figures for the prior period are not available.

The Delphi Building

	Three Months Ended Sept. 30, 2000	Four Months Ended Sept. 30, 2000
Revenues:		
Rental income	$516,205	$532,947
Expenses:		
Depreciation	216,137	219,372
Management and leasing expenses	22,167	22,167
Other operating expenses	1,650	8,782
	239,954	250,321
Net income	$276,251	$282,626
Occupied percentage	100%	100%
Our ownership percentage	100%	100%
Cash distributed to the Wells REIT	$458,077	$461,653
Net income allocated to the Wells REIT	$276,251	$282,626

Since the Delphi Building was purchased in June 2000, comparable income and expense figures for the prior period are not available.

The Alstom Power Richmond Building (formerly the ABB Richmond Building)

	Three Months Ended Sept. 30, 2000
Revenues:	
Rental income	$228,597
Expenses:	
Depreciation	110,097
Management and leasing expenses	29,694
Other operating expenses	(34,658)
	105,133
Net income	$123,634
Occupied percentage	100%
Our ownership percentage	100%
Cash distributed to the Wells REIT	$243,186
Net income allocated to the Wells REIT	$123,464

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On July 24, 2000, Wells OP completed a build-to-suit four-story office building containing approximately 99,057 rentable square feet on a 7.49 acre tract of land in Richmond, Virginia (Alstom Power Richmond Building). The aggregate of all costs and expenses incurred by Wells OP with respect to the acquisition and construction of the Alstom Power Richmond Building was $11,654,666.

The building is 100% leased to Alstom Power, Inc. with a lease expiration of July 31, 2007. The monthly base rent for the Alstom Power Richmond Building is $98,644. On December 30, 1999, ABB Power Generation, Inc. merged into ABB Alstom Power, Inc., and on June 22, 2000, ABB Alstom Power, Inc. changed its name to Alstom Power, Inc.

Since the Alstom Power Richmond Building was completed in July 2000, comparable income and expense figures for the prior period are not available.

The Quest Building (formerly the Bake Parkway Building)/VIII-IX-REIT Joint Venture

	Three Months Ended Sept. 30, 2000
Revenues:	
Rental income	$259,148
Expenses:	
Depreciation	46,368
Management and leasing expenses	0
Other operating expenses	16,283
	62,651
Net income	$196,497
Occupied percentage	100%
Our ownership percentage	7%
Cash distributed to the Wells REIT	$ 8,842
Net income allocated to the Wells REIT	$ 11,529

On June 15, 2000, the VIII-IX-REIT Joint Venture was formed between Wells OP and Fund VIII and IX Associates, a Georgia joint venture between Wells Fund VIII and Wells Fund IX. On July 1, 2000, Fund VIII and IX Associates contributed its interest in the two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre tract of land located in Irvine, California (Quest Building), formerly known as the Bake Parkway Building, to the VIII-IX-REIT Joint Venture.

On August 1, 2000, Quest Software, Inc. commenced a 42 month lease for 100% of the Quest Building.

Construction of tenant improvements to the Quest Building required under the Quest lease and other costs and expenses related to the Quest Building are being funded by capital contributions from Wells OP and are anticipated to cost approximately $1,250,000 in the aggregate.

Inflation

The real estate market has not been affected significantly by inflation in the past three years due to the relatively low inflation rate. There are provisions in a majority of our tenant leases to protect us from the impact of inflation. These leases contain common area maintenance 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. These provisions should reduce our exposure to increases in costs and operating expenses resulting from inflation.

Prior Performance Summary

The information presented in this section represents the historical experience of real estate programs managed by Wells Capital and its affiliates. Investors in the Wells REIT should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior Wells real estate programs.

Of the 13 publicly offered real estate limited partnerships in which Leo F. Wells, III has served as a general partner, 12 of such limited partnerships have completed their respective offerings. These 12 limited partnerships and the year in which each of their offerings was completed are:

1. Wells Real Estate Fund I (1986),
2. Wells Real Estate Fund II (1988),
3. Wells Real Estate Fund II-OW (1988),
4. Wells Real Estate Fund III, L.P. (1990),
5. Wells Real Estate Fund IV, L.P. (1992),
6. Wells Real Estate Fund V, L.P. (1993),
7. Wells Real Estate Fund VI, L.P. (1994),
8. Wells Real Estate Fund VII, L.P. (1995),
9. Wells Real Estate Fund VIII, L.P. (1996),
10. Wells Real Estate Fund IX, L.P. (1996),
11. Wells Real Estate Fund X, L.P. (1997), and
12. Wells Real Estate Fund XI, L.P. (1998).

In addition to the foregoing real estate limited partnerships, Wells Capital and its affiliates sponsored the initial public offering of shares of common stock of the Wells REIT. The initial public offering began on January 30, 1998 and was terminated on December 19, 1999. We received gross

proceeds of approximately $132,181,919 from the sale of approximately 13,218,192 shares from our initial public offering.

Wells Capital and its affiliates sponsored a second public offering of shares of common stock of the Wells REIT. The second public offering began on December 20, 1999 and was terminated on December 19, 2000. As of December 10, 2000, we had received gross proceeds of approximately $169,671,659 from the sale of approximately 16,967,166 shares from our second public offering.

Wells Capital and its affiliates are currently also sponsoring a public offering of 7,000,000 units on behalf of Wells Real Estate Fund XII, L.P., a public limited partnership. Wells Fund XII began its offering on March 22, 1999 and, as of September 30, 2000, Wells Fund XII had raised $20,618,517 from 1,082 investors.

The Prior Performance Tables included in the back of this prospectus set forth information as of the dates indicated regarding certain of these Wells programs as to (1) experience in raising and investing funds (Table I); (2) compensation to sponsor (Table II); and (3) annual operating results of prior programs (Table III). No information is given as to results of completed programs or sales or disposals of property because, as of December 31, 1999, the date of the Prior Performance Tables, none of the Wells programs had sold any of their properties.

In addition to the real estate programs sponsored by Wells Capital and its affiliates discussed above, they are also sponsoring an index mutual fund which invests in various REIT stocks known as the Wells S&P REIT Index Fund (REIT Fund). The REIT Fund is a mutual fund which seeks to provide investment results corresponding to the performance of the S&P REIT Index by investing in the REIT stocks included in the S&P REIT Index. The REIT Fund began its offering on January 12, 1998 and, as of September 30, 2000, the REIT Fund had raised $48,330,317 from 2,080 investors.

Publicly Offered Unspecified Real Estate Programs

Wells Capital and its affiliates have previously sponsored the above listed 12 publicly offered real estate limited partnerships and are currently sponsoring Wells Fund XII offered on an unspecified property or "blind pool" basis. The total amount of funds raised from investors in the offerings of these 13 publicly offered limited partnerships, as of September 30, 2000, was approximately $284,902,809, and the total number of investors in such programs was approximately 25,627.

The investment objectives of each of the other Wells programs are substantially identical to the investment objectives of the Wells REIT. Substantially all of the proceeds of the offerings of Wells Fund I, Wells Fund II, Wells Fund II-OW, Wells Fund III, Wells Fund IV, Wells Fund V, Wells Fund VI, Wells Fund VII, Wells Fund VIII, Wells Fund IX, Wells Fund X and Wells Fund XI available for investment in real properties have been invested in properties. As of September 30, 2000, approximately 65% of the aggregate gross rental income of the 12 publicly offered programs listed above was derived from tenants which are corporations, each of which at the time of lease execution had a net worth of at least $100,000,000 or whose lease obligations were guaranteed by another corporation with a net worth of at least $100,000,000.

Because of the cyclical nature of the real estate market, decreases in net income of the public partnerships could occur at any time in the future when economic conditions decline. Wells Fund I recently sold one of its buildings and is in the process of marketing the remainder of its properties for sale. However, none of the other Wells programs has liquidated its real estate portfolio or, except for the one building recently sold by Wells Fund I, sold any of its real properties to date. Accordingly, no

assurance can be made that the Wells programs will ultimately be successful in meeting their investment objectives. (See "Risk Factors.")

The aggregate dollar amount of the acquisition and development costs of the properties purchased by the previously sponsored Wells programs, as of December 31, 1999, was $370,247,877 of which $332,000 (or approximately .09%) had not yet been expended on the development of certain of the projects which are still under construction. Of the aggregate amount, approximately 82% was or will be spent on acquiring or developing office buildings, and approximately 18% was or will be spent on acquiring or developing shopping centers. Of the aggregate amount, approximately 9% was or will be spent on new properties, 58% on existing or used properties and 33% on construction properties. Following is a table showing a breakdown of the aggregate amount of the acquisition and development costs of the properties purchased by the Wells REIT, Wells Fund XII and the 12 Wells programs listed above as of September 30, 2000:

Type of Property	New	Used	Construction
Office Buildings	29.0%	38.2%	19.1%
Shopping Centers	0%	4.5%	9.2%

Wells Fund I terminated its offering on September 5, 1986, and received gross proceeds of $35,321,000 representing subscriptions from 4,895 limited partners. $24,679,000 of the gross proceeds were attributable to sales of Class A Units, and $10,642,000 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund I have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund I owns interests in the following properties:

- a three-story medical office building in Atlanta, Georgia;
- a commercial office building in Atlanta, Georgia;
- a shopping center in DeKalb County, Georgia having Kroger as the anchor tenant;
- a shopping center in Knoxville, Tennessee;

- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant; and

- a project consisting of seven office buildings and a shopping center in Tucker, Georgia.

The prospectus of Wells Fund I provided that the properties purchased by Wells Fund I would typically be held for a period of eight to 12 years, but that the general partners may exercise their discretion as to whether and when to sell the properties owned by Wells Fund I and that the general partners were under no obligation to sell the properties at any particular time. Wells Fund I recently sold one of two commercial office buildings known as Peachtree Place located in a suburb of Atlanta, Georgia. Wells Fund I is in the process of marketing the remainder of its properties for sale pending the outcome of a proxy solicitation recommending that the Class A Limited Partners vote in favor of an amendment to the Partnership Agreement to change the method of distribution of net sale proceeds.

Wells Fund II and Wells Fund II-OW terminated their offerings on September 7, 1988, and received aggregate gross proceeds of $36,870,250 representing subscriptions from 4,659 limited partners. $28,829,000 of the gross proceeds were attributable to sales of Class A Units, and $8,041,250 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund II and Wells Fund II-OW have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund

II and Wells Fund II-OW own all of their properties through a joint venture, which owns interests in the following properties:

- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;

- a project consisting of seven office buildings and a shopping center in Tucker, Georgia;

- a two-story office building in Charlotte, North Carolina leased to First Union Bank;

- a four-story office building in Houston, Texas leased to The Boeing Company;

- a restaurant property in Roswell, Georgia leased to Brookwood Grill of Roswell, Inc.; and

- a combined retail and office development in Roswell, Georgia.

The prospectus of Wells Fund II and Wells Fund II-OW provided that the properties purchased by Wells Fund II and Wells Fund II-OW would typically be held for a period of eight to 12 years, but that the general partners may exercise their discretion as to whether and when to sell the properties owned by Wells Fund II and Wells Fund II-OW and that the partnerships were under no obligation to sell their properties at any particular time. Wells Fund II and Wells Fund II-OW acquired their properties between 1987 and 1989, and have not yet liquidated or sold any of their properties.

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

- a four-story office building in Houston, Texas leased to The Boeing Company;

- a restaurant property in Roswell, Georgia leased to Brookwood Grill of

Roswell, Inc.;

- a combined retail and office development in Roswell, Georgia;

- a two-story office building in Greenville, North Carolina leased to International Business Machines Corporation (IBM);

- a shopping center in Stockbridge, Georgia having Kroger as the anchor tenant; and

- a two-story office building in Richmond, Virginia leased to General Electric.

Wells Fund IV terminated its offering on February 29, 1992, and received gross proceeds of $13,614,655 representing subscriptions from 1,286 limited partners. $13,229,150 of the gross proceeds were attributable to sales of Class A Units, and $385,505 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund IV have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund IV owns interests in the following properties:

- a shopping center in Stockbridge, Georgia having Kroger as the anchor tenant;

- a four-story office building in Jacksonville, Florida leased to IBM and Customized Transportation Inc. (CTI);

- a two-story office building in Richmond, Virginia leased to General Electric; and

- two two-story office buildings in Stockbridge, Georgia.

Wells Fund V terminated its offering on March 3, 1993, and received gross proceeds of $17,006,020 representing subscriptions from 1,667 limited partners. $15,209,666 of the gross proceeds were attributable to sales of Class A Units, and $1,796,354 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund V who purchased Class B Units are entitled to change the status of their units to Class A, but limited partners who purchased Class A Units are not entitled to change the status of their units to Class B. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 1999, $15,664,160 of units of Wells Fund V were treated as Class A Units, and $1,341,860 of units were treated as Class B Units. Wells Fund V owns interests in the following properties:

- a four-story office building in Jacksonville, Florida leased to IBM and CTI;

- two two-story office buildings in Stockbridge, Georgia;

- a four-story office building in Hartford, Connecticut leased to Hartford Fire Insurance Company;

- two restaurant properties in Stockbridge, Georgia leased to Apple Restaurants, Inc. and Glenn's Open Pit Bar-B-Que; and

- a three-story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel.

Wells Fund VI terminated its offering on April 4, 1994, and received gross proceeds of $25,000,000 representing subscriptions from 1,793 limited partners. $19,332,176 of the gross proceeds were attributable to sales of Class A Units, and $5,667,824 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VI are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscription for units, as of December 31, 1999, $21,959,690 of units of Wells Fund VI were treated as Class A Units, and $3,040,310 of units were treated as Class B Units.

Wells Fund VI owns interests in the following properties:

- a four-story office building in Hartford, Connecticut leased to Hartford Fire Insurance Company;
- two restaurant properties in Stockbridge, Georgia leased to Apple Restaurants, Inc. and Glenn's Open Pit Bar-B-Que;
- a restaurant and retail building in Stockbridge, Georgia;
- a shopping center in Stockbridge, Georgia;
- a three-story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel;
- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;
- a combined retail and office development in Roswell, Georgia;
- a four-story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.; and

- a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant.

Wells Fund VII terminated its offering on January 5, 1995, and received gross proceeds of $24,180,174 representing subscriptions from 1,910 limited partners. $16,788,095 of the gross proceeds were attributable to sales of Class A Units, and $7,392,079 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VII are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1999, $20,362,672 of units in Wells Fund VII were treated as Class A Units, and $3,817,502 of units were treated as Class B Units. Wells Fund VII owns interests in the following properties:

- a three-story office building in Appleton, Wisconsin leased to Jaako Poyry Fluor Daniel;
- a restaurant and retail building in Stockbridge, Georgia;
- a shopping center in Stockbridge, Georgia;
- a shopping center in Cherokee County, Georgia having Kroger as the anchor tenant;
- a combined retail and office development in Roswell, Georgia;
- a two-story office building in Alachua County, Florida near Gainesville leased to CH2M Hill, Engineers, Planners, Economists, Scientists;
- a four-story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.;
- a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant; and
- a retail development in Clayton County, Georgia.

Certain financial information for Wells Fund VII is summarized below:

	1999	1998	1997	1996	1995
Gross Revenues	$962,630	$846,306	$816,237	$543,291	$925,246
Net Income	$895,795	$754,334	$733,149	$452,776	$804,043

Wells Fund VIII terminated its offering on January 4, 1996, and received gross proceeds of $32,042,689 representing subscriptions from 2,241 limited partners. $26,135,339 of the gross proceeds were attributable to sales of Class A Units, and $5,907,350 were attributable to sales of Class B Units. Limited partners in Wells Fund VIII are entitled to change the status of their units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units and certain repurchases made by Wells Fund VIII, as of December 31, 1999, $4,748,439 of units in Wells Fund VIII were treated as Class A Units, and $27,284,250 of units were treated as Class B Units. Wells Fund VIII owns interests in the following properties:

- a two-story office building in Alachua County, Florida near Gainsville leased to CH2M Hill, Engineers, Planners, Economists, Scientists;

- a four-story office building in Jacksonville, Florida leased to Bellsouth Advertising and Publishing Corporation and American Express Travel Related Services Company, Inc.;
- a shopping center in Clemmons, North Carolina having Harris Teeter, Inc. as the anchor tenant;
- a retail development in Clayton County, Georgia;
- a four-story office building in Madison, Wisconsin leased to US Cellular, a subsidiary of Bellsouth Corporation;
- a one-story office building in Farmers Branch, Texas leased to TCI Valwood Limited Partnership I;
- a two-story office building in Orange County, California leased to Quest Software, Inc.; and
- a two-story office building in Boulder County, Colorado leased to Cirrus Logic, Inc.

Certain financial information for Wells Fund VIII is summarized below:

	1999	1998	1997	1996	1995
Gross Revenues	$1,360,497	$1,362,513	$1,204,018	$1,057,694	$402,428
Net Income	$1,266,946	$1,269,171	$1,102,567	$ 936,590	$273,914

Wells Fund IX terminated its offering on December 30, 1996, and received gross proceeds of $35,000,000 representing subscriptions from 2,098 limited partners. $29,359,310 of the gross proceeds were attributable to sales of Class A Units, and $5,640,690 were attributable to sales of Class B Units. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1999, $30,723,220 of units in Wells Fund IX were treated as Class A Units, and $4,276,780 of units were treated as Class B Units. Wells Fund IX owns interests in the following properties:

- a one-story office building in Farmers Branch, Texas leased to TCI Valwood Limited Partnership I;
- a four-story office building in Madison, Wisconsin leased to US Cellular, a subsidiary of Bellsouth Corporation;
- a two-story office building in Orange County, California leased to Quest Software, Inc.;
- a two-story office building in Boulder County, Colorado leased to Cirrus Logic, Inc.;
- a two-story office building in Boulder County, Colorado leased to Ohmeda, Inc.;
- a three-story office building in Knox County, Tennessee leased to Alstom Power, Inc.;
- a one-story office and warehouse building in Weber County, Utah leased to Iomega Corporation;
- a three-story office building in Boulder County, Colorado; and
- a one-story office building in Oklahoma City, Oklahoma leased to Avaya, Inc.

Certain financial information for Wells Fund IX is summarized below:

	1999	1998	1997	1996
Gross Revenues	$1,593,734	$1,561,456	$1,199,300	$406,891
Net Income	$1,490,331	$1,449,955	$1,091,766	$298,756

Wells Fund X terminated its offering on December 30, 1997, and received gross proceeds of $27,128,912 representing subscriptions from 1,806 limited partners. $21,160,992 of the gross proceeds were contributable to sales of Class A Units, and $5,967,920 were attributable to sales of Class B Units. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1999, $21,669,662 of units in Wells Fund X were treated as Class A Units and $5,454,250 of units were treated as Class B Units. Wells Fund X owns interests in the following properties:

- a three-story office building in Knox County, Tennessee leased to Alstom Power, Inc.;
- a two-story office building in Boulder County, Colorado leased to Ohmeda, Inc.;
- a one-story office and warehouse building in Weber County, Utah leased to Iomega Corporation;
- a three-story office building in Boulder County, Colorado;
- a one-story office building in Oklahoma City, Oklahoma leased to Avaya, Inc.;
- a one-story office and warehouse building in Orange County, California leased to Cort Furniture Rental Corporation; and
- a two-story office and manufacturing building in Alameda County, California leased to Fairchild Technologies U.S.A., Inc.

Certain financial information for Wells Fund X is summarized below:

	1999	1998	1997
Gross Revenues	$1,309,281	$1,204,597	$372,507
Net Income	$1,192,318	$1,050,329	$278,025

Wells Fund XI terminated its offering on December 30, 1998, and received gross proceeds of $16,532,802 representing subscriptions from 1,345 limited partners. $13,029,424 of the gross proceeds were attributable to sales of Class A Units and $3,503,378 were attributable to sales of Class B Units. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for units, as of December 31, 1999, $13,369,062 of units in Wells Fund XI were treated as Class A Units and $3,163,740 of units were treated as Class B Units. Wells Fund XI owns interests in the following properties:

- a three-story office building in Knox County, Tennessee leased to Alstom Power, Inc.;
- a one-story office building in Oklahoma City, Oklahoma leased to Avaya, Inc.;
- a two-story office building in Boulder County, Colorado leased to Ohmeda, Inc.;
- a three-story office building in Boulder County, Colorado;

- a one-story office and warehouse building in Weber County, Utah leased to Iomega Corporation;
- a one-story office and warehouse building in Orange County, California leased to Cort Furniture Rental Corporation;
- a two-story office and manufacturing building in Alameda County, California leased to Fairchild Technologies U.S.A., Inc.;
- a two-story manufacturing and office building in Greenville County, South Carolina leased to EYBL CarTex, Inc.;
- a three-story office building in Johnson County, Kansas leased to Sprint Communications Company L.P.;
- a two-story research and development office and warehouse building in Chester County, Pennsylvania leased to Johnson Matthey, Inc.; and
- a two-story office building in Fort Myers, Florida leased to Gartner Group, Inc.

Certain financial information for Wells Fund XI is summarized below:

	1999	1998
Gross Revenues	$766,586	$262,729
Net Income	$630,528	$143,295

Wells Fund XII began its offering on March 22, 1999. As of September 30, 2000, Wells Fund XII had received gross proceeds of $20,618,517 representing subscriptions from 1,082 limited partners. $15,959,857 of the gross proceeds were attributable to sales of cash preferred units and $4,658,660 were attributable to sales of tax preferred units. Wells Fund XII owns interests in the following properties:

- a two-story manufacturing and office building in Greenville County,

South Carolina leased to EYBL CarTex, Inc.;

- a three-story office building In Johnson County, Kansas leased to Sprint Communications Company L.P.;

- a two-story research and development office and warehouse building in Chester County, Pennsylvania leased to Johnson Matthey, Inc.;

- a two-story office building in Fort Myers, Florida leased to Gartner Group, Inc.; and

- a three-story office building in Troy, Michigan leased to Siemens Automotive Corporation.

The information set forth above should not be considered indicative of results to be expected from the Wells REIT.

The foregoing properties in which the above 13 limited partnerships have invested have all been acquired on an all cash basis.

Leo F. Wells, III and Wells Partners, L.P. are the general partners of Wells Fund IV, Wells Fund V, Wells Fund VI, Wells Fund VII, Wells Fund VIII, Wells Fund IX, Wells Fund X, Wells Fund XI and

Wells Fund XII. Wells Capital, which is the general partner of Wells Partners, L.P., and Leo F. Wells, III are the general partners of Wells Fund I, Wells Fund II, Wells Fund II-OW and Wells Fund III.

Potential investors are encouraged to examine the Prior Performance Tables included in the back of the prospectus for more detailed information regarding the prior experience of the sponsors. In addition, upon request, prospective investors may obtain from us without charge copies of offering materials and any reports prepared in connection with any of the Wells programs, including a copy of the most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. For a reasonable fee, we will also furnish upon request copies of the exhibits to any such Form 10-K. Any such request should be directed to our secretary. Additionally, Table VI contained in Part II of the registration statement, which is not part of this prospectus, gives certain additional information relating to properties acquired by the Wells programs. We will furnish, without charge, copies of such table upon request.

Federal Income Tax Considerations

General

The following is a summary of material federal income tax considerations associated with an investment in the shares. This summary does not address all possible tax considerations that may be material to an investor and does not constitute tax advice. Moreover, this summary does not deal with all tax aspects that might be relevant to you, as a prospective shareholder, in light of your personal circumstances; nor does it deal with particular types of shareholders that are subject to special treatment under the Internal Revenue Code, such as insurance companies, tax-exempt organizations, financial institutions or broker-dealers, or foreign corporations or persons who are not citizens or residents of the United States (Non-US Shareholders). The Internal Revenue Code provisions governing the federal income tax treatment of REITs are highly technical and complex, and this summary is qualified in its entirety by the express language of applicable Internal Revenue Code provisions, Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof.

We urge you, as a prospective investor, to consult your own tax advisor regarding the specific tax consequences to you of a purchase of shares, ownership and sale of the shares and of our election to be taxed as a REIT, including the federal, state, local, foreign and other tax consequences of such purchase, ownership, sale and election.

Opinion of Counsel

Holland & Knight LLP has acted as our counsel, has reviewed this summary and is of the opinion that it fairly summarizes the federal income tax considerations addressed that are material to shareholders. It is also the opinion of our counsel that it is more likely than not that we qualified to be taxed as a REIT under the Internal Revenue Code for our taxable year ended December 31, 1999, provided that we have operated and will continue to operate in accordance with various assumptions and the factual representations we made to counsel concerning our business, properties and operations. It must be emphasized that Holland & Knight LLP's opinion is based on various assumptions and is conditioned upon the assumptions and representations we made concerning our business and properties. Moreover, our qualification for taxation as a REIT depends on our ability to meet the various qualification tests imposed under the Internal Revenue Code discussed below, the results of which will not be reviewed by Holland & Knight LLP. Accordingly, we cannot assure you that the actual results of our operations for any one taxable year will satisfy these requirements. (See "Risk Factors -- Failure to Qualify as a REIT.")

The statements made in this section of the prospectus and in the opinion of Holland & Knight LLP are based upon existing law and Treasury Regulations, as currently applicable, currently published administrative positions of the Internal Revenue Service and judicial decisions, all of which are subject to change, either prospectively or retroactively. We cannot assure you that any changes will not modify the conclusions expressed in counsel's opinion. Moreover, an opinion of counsel is not binding on the Internal Revenue Service and we cannot assure you that the Internal Revenue Service will not successfully challenge our status as a REIT.

Taxation of the Company

If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on that portion of our ordinary income or capital gain that we distribute currently to our shareholders, because the REIT provisions of the Internal Revenue Code generally allow a REIT to deduct distributions paid to its shareholders. This substantially eliminates the federal "double taxation" on earnings (taxation at both the corporate level and shareholder level) that usually results from an investment in a corporation.

Even if we qualify for taxation as a REIT, however, we will be subject to federal income taxation as follows:

- we will be taxed at regular corporate rates on our undistributed REIT taxable income, including undistributed net capital gains;
- under some circumstances, we will be subject to "alternative minimum tax";
- if we have net income from the sale or other disposition of "foreclosure property" that is held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on that income;
- if we have net income from prohibited transactions (which are, in general, sales or other dispositions of property other than foreclosure property held primarily for sale to customers in the ordinary course of business), the income will be subject to a 100% tax;
- if we fail to satisfy either of the 75% or 95% gross income tests (discussed below) but have nonetheless maintained our qualification as a REIT because certain conditions have been met, we will be subject to a 100% tax on an amount equal to the greater of the amount by which we fail the 75% or 95% test multiplied by a fraction calculated to reflect our profitability;
- if we fail to distribute during each year at least the sum of (i) 85% of our REIT ordinary income for the year, (ii) 95% of our REIT capital gain net income for such year and (iii) any undistributed taxable

income from prior periods, we will be subject to a 4% excise tax on the excess of the required distribution over the amounts actually distributed; and

- if we acquire any asset from a C corporation (i.e., a corporation generally subject to corporate-level tax) in a carryover-basis transaction and we subsequently recognize gain on the disposition of the asset during the ten year period beginning on the date on which we acquired the asset, then a portion of the gains may be subject to tax at the highest regular corporate rate, pursuant to guidelines issued by the Internal Revenue Service (Built-In-Gain Rules).

Requirements for Qualification as a REIT

We elected to be taxable as a REIT for our taxable year ended December 31, 1998. In order for us to qualify as a REIT, however, we had to meet and we must continue to meet the requirements discussed below relating to our organization, sources of income, nature of assets and distributions of income to our shareholders.

Organizational Requirements

In order to qualify for taxation as a REIT under the Internal Revenue Code, we must:

- be a domestic corporation;
- elect to be taxed as a REIT and satisfy relevant filing and other administrative requirements;
- be managed by one or more trustees or directors;
- have transferable shares;
- not be a financial institution or an insurance company;
- use a calendar year for federal income tax purposes;
- have at least 100 shareholders for at least 335 days of each taxable year of 12 months; and
- not be closely held.

As a Maryland corporation, we satisfy the first requirement, and we have filed an election to be taxed as a REIT with the IRS. In addition, we are managed by a board of directors, we have transferable shares and we do not intend to operate as a financial institution or insurance company. We utilize the calendar year for federal income tax purposes, and we have more than 100 shareholders. We would be treated as closely held only if five or fewer individuals or certain tax-exempt entities own, directly or indirectly, more than 50% (by value) of our shares at any time during the last half of our taxable year. For purposes of the closely-held test, the Internal Revenue Code generally permits a look-through for pension funds and certain other tax-exempt entities to the beneficiaries of the entity to determine if the REIT is closely held. Five or fewer individuals or tax-exempt entities have never owned more than 50% of our outstanding shares during the last half of any taxable year.

We are authorized to refuse to transfer our shares to any person if the sale or transfer would jeopardize our ability to satisfy the REIT ownership requirements. There can be no assurance that a refusal to transfer will be effective. However, based on the foregoing, we should currently satisfy the organizational requirements, including the share ownership requirements. Notwithstanding compliance with the share ownership requirements outlined above, tax-exempt shareholders may be required to treat all or a portion of their distributions from us as "unrelated business taxable income" if tax-exempt shareholders, in the aggregate, exceed certain ownership thresholds set forth in the Internal Revenue Code. (See "Taxation of Tax-Exempt Shareholders.")

Ownership of Interests in Partnerships and Qualified REIT Subsidiaries

In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that the REIT is deemed to own its proportionate share, based on its interest in partnership capital, of the assets of the partnership and is deemed to have earned its allocable share of partnership income. Also, if a REIT owns a qualified REIT subsidiary, which is defined as a corporation wholly-owned by a REIT, the REIT will be deemed to own all of the subsidiary's assets and liabilities and it will be deemed to be entitled to treat the income of that subsidiary as its own. In addition, the character of the assets and gross income of the partnership or qualified REIT subsidiary shall retain the same character in the hands of the REIT for purposes of satisfying the gross income tests and asset tests set forth in the Internal Revenue Code.

Operational Requirements -- Gross Income Tests

To maintain our qualification as a REIT, we must satisfy annually two gross income requirements.

- At least 75% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property. Gross income includes "rents from real property" and, in some circumstances, interest, but excludes gross income from dispositions of property held primarily for sale to customers in the ordinary course of a trade or business. Such dispositions are referred to as "prohibited transactions." This is the 75% Income Test.

- At least 95% of our gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from the real property investments described above and from distributions, interest and gains from the sale or disposition of stock or securities or from any combination of the foregoing. This is the 95% Income Test.

- The rents we receive or that we are deemed to receive qualify as "rents from real property" for purposes of satisfying the gross income requirements for a REIT only if the following conditions are m et:

  - the amount of rent received from a tenant generally must not be based in whole or in part on the income or profits of any person, however, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of gross receipts or sales;

  - rents received from a tenant will not qualify as "rents from real property" if an owner of 10% or more of the REIT directly or constructively owns 10% or more of the tenant (a "Related Party Tenant") or a subtenant of the tenant (in which case only rent attributable to the subtenant is disqualified);

  - if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as "rents from real property"; and

  - the REIT must not operate or manage the property or furnish or render services to tenants, other than through an "independent contractor" who is adequately

compensated and from whom the REIT does not derive any income. However, a REIT may provide services with respect to its

properties, and the income derived therefrom will qualify as "rents from real property," if the services are "usually or customarily rendered" in connection with the rental of space only and are not otherwise considered "rendered to the occupant." Even if the services with respect to a property are impermissible tenant services, the income derived therefrom will qualify as "rents from real property" if such income does not exceed one percent of all amounts received or accrued with respect to that property.

If we acquire ownership of property by reason of the default of a borrower on a loan or possession of property by reason of a tenant default, if the property qualifies and we elect to treat it as foreclosure property, the income from the property will qualify under the 75% Income Test and the 95% Income Test notwithstanding its failure to satisfy these requirements for three years, or if extended for good cause, up to a total of six years. In that event, we must satisfy a number of complex rules, one of which is a requirement that we operate the property through an independent contractor. We will be subject to tax on that portion of our net income from foreclosure property that does not otherwise qualify under the 75% Income Test.

Prior to the making of investments in properties, we may satisfy the 75% Income Test and the 95% Income Test by investing in liquid assets such as government securities or certificates of deposit, but earnings from those types of assets are qualifying income under the 75% Income Test only for one year from the receipt of proceeds. Accordingly, to the extent that offering proceeds have not been invested in properties prior to the expiration of this one year period, in order to satisfy the 75% Income Test, we may invest the offering proceeds in less liquid investments such as mortgage-backed securities, maturing mortgage loans purchased from mortgage lenders or shares in other REITs. We expect to receive proceeds from the offering in a series of closings and to trace those proceeds for purposes of determining the one year period for "new capital investments." No rulings or regulations have been issued under the provisions of the Internal Revenue Code governing "new capital investments," however, so that there can be no assurance that the Internal Revenue Service will agree with this method of calculation.

Except for amounts received with respect to certain investments of cash reserves, we anticipate that substantially all of our gross income will be from sources that will allow us to satisfy the income tests described above; however, there can be no assurance given in this regard. Notwithstanding our failure to satisfy one or both of the 75% Income and the 95% Income Tests for any taxable year, we may still qualify as a REIT for that year if we are eligible for relief under specific provisions of the Internal Revenue Code. These relief provisions generally will be available if:

- our failure to meet these tests was due to reasonable cause and not due to willful neglect;
- we attach a schedule of our income sources to our federal income tax return; and
- any incorrect information on the schedule is not due to fraud with intent to evade tax.

It is not possible, however, to state whether, in all circumstances, we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally earn exceeds the limits on this income, the Internal Revenue Service could conclude that our failure to satisfy the tests was not due to reasonable cause. As discussed above in "Taxation of the Company," even if these relief provisions apply, a tax would be imposed with respect to the excess net income.

Operational Requirements -- Asset Tests

At the close of each quarter of our taxable year, we also must satisfy three tests (Asset Tests) relating to the nature and diversification of our

assets.

- First, at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. The term "real estate assets" includes real property, mortgages on real property, shares in other qualified REITs and a proportionate share of any real estate assets owned by a partnership in which we are a partner or of any qualified REIT subsidiary of ours.

- Second, no more than 25% of our total assets may be represented by securities other than those in the 75% asset class.

- Third, of the investments included in the 25% asset class, the value of any one issuer's securities that we own may not exceed 5% of the value of our total assets. Additionally, we may not own more than 10% of any one issuer's outstanding voting securities.

The 5% test must generally be met for any quarter in which we acquire securities. Further, if we meet the Asset Tests at the close of any quarter, we will not lose our REIT status for a failure to satisfy the Asset Tests at the end of a later quarter if such failure occurs solely because of changes in asset values. If our failure to satisfy the Asset Tests results from an acquisition of securities or other property during a quarter, we can cure the failure by disposing of a sufficient amount of nonqualifying assets within 30 days after the close of that quarter. We maintain, and will continue to maintain, adequate records of the value of our assets to ensure compliance with the Asset Tests and will take other action within 30 days after the close of any quarter as may be required to cure any noncompliance.

Operational Requirements -- Annual Distribution Requirement

In order to be taxed as a REIT, we are required to make dividend distributions, other than capital gain distributions, to our shareholders each year in the amount of at least 95% of our REIT taxable income (computed without regard to the dividends paid deduction and our capital gain and subject to certain other potential adjustments) for all tax years prior to 2001 and at least 90% of our REIT taxable income for all future years beginning with the year 2001.

While we must generally pay dividends in the taxable year to which they relate, we may also pay dividends in the following taxable year if (1) they are declared before we timely file our federal income tax return for the taxable year in question, and if (2) they are paid on or before the first regular dividend payment date after the declaration.

Even if we satisfy the foregoing dividend distribution requirement and, accordingly, continue to qualify as a REIT for tax purposes, we will still be subject to tax on the excess of our net capital gain and our REIT taxable income, as adjusted, over the amount of dividends distributed to shareholders.

In addition, if we fail to distribute during each calendar year at least the sum of:

- 85% of our ordinary income for that year;

- 95% of our capital gain net income other than the capital gain net income which we elect to retain and pay tax on for that year; and

- any undistributed taxable income from prior periods,

we will be subject to a 4% excise tax on the excess of the amount of such required distributions over amounts actually distributed during such year.

We intend to make timely distributions sufficient to satisfy this requirement; however, it is possible that we may experience timing differences between (1) the actual receipt of income and payment of deductible expenses, and (2) the inclusion of that income. It is also possible that we may be allocated a share of net capital gain attributable to the sale of depreciated property that

exceeds our allocable share of cash attributable to that sale.

In such circumstances, we may have less cash than is necessary to meet our annual distribution requirement or to avoid income or excise taxation on certain undistributed income. We may find it necessary in such circumstances to arrange for financing or raise funds through the issuance of additional shares in order to meet our distribution requirements, or we may pay taxable stock distributions to meet the distribution requirement.

If we fail to satisfy the distribution requirement for any taxable year by reason of a later adjustment to our taxable income made by the Internal Revenue Service, we may be able to pay "deficiency dividends" in a later year and include such distributions in our deductions for dividends paid for the earlier year. In such event, we may be able to avoid being taxed on amounts distributed as deficiency dividends, but we would be required in such circumstances to pay interest to the Internal Revenue Service based upon the amount of any deduction taken for deficiency dividends for the earlier year.

As noted above, we may also elect to retain, rather than distribute, our net long-term capital gains. The effect of such an election would be as follows:

- we would be required to pay the tax on these gains;
- shareholders, while required to include their proportionate share of the undistributed long-term capital gains in income, would receive a credit or refund for their share of the tax paid by the REIT; and
- the basis of a shareholder's shares would be increased by the amount of our undistributed long-term capital gains (minus the amount of capital gains tax we pay) included in the shareholder's long-term capital gains.

In computing our REIT taxable income, we will use the accrual method of accounting and depreciate depreciable property under the alternative depreciation system. We are required to file an annual federal income tax return, which, like other corporate returns, is subject to examination by the Internal Revenue Service. Because the tax law requires us to make many judgments regarding the proper treatment of a transaction or an item of income or deduction, it is possible that the Internal Revenue Service will challenge positions we take in computing our REIT taxable income and our distributions. Issues could arise, for example, with respect to the allocation of the purchase price of properties between depreciable or amortizable assets and nondepreciable or non-amortizable assets such as land and the current deductibility of fees paid to Wells Capital or its affiliates. Were the Internal Revenue Service to successfully challenge our characterization of a transaction or determination of our REIT taxable income, we could be found to have failed to satisfy a requirement for qualification as a REIT. If, as a result of a challenge, we are determined to have failed to satisfy the distribution requirements for a taxable year, we would be disqualified as a REIT, unless we were permitted to pay a deficiency distribution to our

shareholders and pay interest thereon to the Internal Revenue Service, as provided by the Internal Revenue Code. A deficiency distribution cannot be used to satisfy the distribution requirement, however, if the failure to meet the requirement is not due to a later adjustment to our income by the Internal Revenue Service.

Operational Requirements -- Recordkeeping

In order to continue to qualify as a REIT, we must maintain certain records as set forth in applicable Treasury Regulations. Further, we must request, on an annual basis, certain information designed to disclose the ownership of our outstanding shares. We intend to comply with such requirements.

Failure to Qualify as a REIT

If we fail to qualify as a REIT for any reason in a taxable year and applicable relief provisions do not apply, we will be subject to tax (including

any applicable alternative minimum tax) on our taxable income at regular corporate rates. We will not be able to deduct dividends paid to our shareholders in any year in which we fail to qualify as a REIT. We also will be disqualified for the four taxable years following the year during which qualification was lost unless we are entitled to relief under specific statutory provisions. (See "Risk Factors -- Federal Income Tax Risks")

Sale-Leaseback TransactionsSale-Leaseback Transactions

Some of our investments may be in the form of sale-leaseback transactions. In most instances, depending on the economic terms of the transaction, we will be treated for federal income tax purposes as either the owner of the property or the holder of a debt secured by the property. We do not expect to request an opinion of counsel concerning the status of any leases of properties as true leases for federal income tax purposes.

The Internal Revenue Service may take the position that a specific sale-leaseback transaction which we treat as a true lease is not a true lease for federal income tax purposes but is, instead, a financing arrangement or loan. We may also structure some sale-leaseback transactions as loans. In this event, for purposes of the Asset Tests and the 75% Income Test, each such loan likely would be viewed as secured by real property to the extent of the fair market value of the underlying property. We expect that, for this purpose, the fair market value of the underlying property would be determined without taking into account our lease. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the Asset Tests or the Income Tests and, consequently, lose our REIT status effective with the year of recharacterization. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year.

Taxation of U.S. Shareholders

Definition

In this section, the phrase "U.S. shareholder" means a holder of shares that for federal income tax purposes:

- is a citizen or resident of the United States;
- is a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof;

- is an estate or trust, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

For any taxable year for which we qualify for taxation as a REIT, amounts distributed to taxable U.S. shareholders will be taxed as described below.

Distributions Generally

Distributions to U.S. shareholders, other than capital gain distributions discussed below, will constitute dividends up to the amount of our current or accumulated earnings and profits and will be taxable to the shareholders as ordinary income. These distributions are not eligible for the dividends received deduction generally available to corporations. To the extent that we make a distribution in excess of our current or accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing the tax basis in each U.S. shareholder's shares, and the amount of each distribution in excess of a U.S. shareholder's tax basis in its shares will be taxable as gain realized from the sale of its shares. Distributions that we declare in October, November or December of any year payable to a shareholder of record on a specified date in any of these months will be treated as both paid

by us and received by the shareholder on December 31 of the year, provided that we actually pay the distribution during January of the following calendar year. U.S. shareholders may not include any of our losses on their own federal income tax returns.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution by us up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed above. Moreover, any "deficiency distribution" will be treated as an ordinary or capital gain distribution, as the case may be, regardless of our earnings and profits. As a result, shareholders may be required to treat as taxable some distributions that would otherwise result in a tax-free return of capital.

Capital Gain Distributions

Distributions to U.S. shareholders that we properly designate as capital gain distributions will be treated as long-term capital gains, to the extent they do not exceed our actual net capital gain, for the taxable year without regard to the period for which the U.S. shareholder has held his stock.

Passive Activity Loss and Investment Interest Limitations

Our distributions and any gain you realize from a disposition of shares will not be treated as passive activity income, and shareholders may not be able to utilize any of their "passive losses" to offset this income in their personal tax returns. Our distributions (to the extent they do not constitute a return of capital) will generally be treated as investment income for purposes of the limitations on the deduction of investment interest. Net capital gain from a disposition of shares and capital gain distributions generally will be included in investment income for purposes of the investment interest deduction limitations only if, and to the extent, you so elect, in which case any such capital gains will be taxed as ordinary income.

Certain Dispositions of the Shares

In general, any gain or loss realized upon a taxable disposition of shares by a U.S. shareholder who is not a dealer in securities will be treated as long-term capital gain or loss if the shares have been held for more than 12 months and as short-term capital gain or loss if the shares have been held for 12 months or less. If, however, a U.S. shareholder has received any capital gains distributions with respect to his shares, any loss realized upon a taxable disposition of shares held for six months or less, to the extent of the capital gains distributions received with respect to his shares, will be treated as long-term capital loss. Also, the Internal Revenue Service is authorized to issue Treasury Regulations that would subject a portion of the capital gain a U.S. shareholder recognizes from selling his shares or from a capital gain distribution to a tax at a 25% rate, to the extent the capital gain is attributable to depreciation previously deducted.

Information Reporting Requirements and Backup Withholding for U.S. Shareholders

Under some circumstances, U.S. shareholders may be subject to backup withholding at a rate of 31% on payments made with respect to, or cash proceeds of a sale or exchange of, our shares. Backup withholding will apply only if the shareholder:

- fails to furnish his or her taxpayer identification number (which, for an individual, would be his or her Social Security Number);
- furnishes an incorrect tax identification number;
- is notified by the Internal Revenue Service that he or she has failed properly to report payments of interest and distributions or is otherwise subject to backup withholding; or
- under some circumstances, fails to certify, under penalties of

perjury, that he or she has furnished a correct tax identification number and that (a) he or she has not been notified by the Internal Revenue Service that he or she is subject to backup withholding for failure to report interest and distribution payments or (b) he or she has been notified by the Internal Revenue Service that he or she is no longer subject to backup withholding.

Backup withholding will not apply with respect to payments made to some shareholders, such as corporations and tax-exempt organizations. Backup withholding is not an additional tax. Rather, the amount of any backup withholding with respect to a payment to a U.S. shareholder will be allowed as a credit against the U.S. shareholder's U.S. federal income tax liability and may entitle the U.S. shareholder to a refund, provided that the required information is furnished to the Internal Revenue Service. U.S. shareholders should consult their own tax advisors regarding their qualifications for exemption from backup withholding and the procedure for obtaining an exemption.

Treatment of Tax-Exempt Shareholders

Tax-exempt entities such as employee pension benefit trusts, individual retirement accounts, charitable remainder trusts, etc. generally are exempt from federal income taxation. Such entities are subject to taxation, however, on any "unrelated business taxable income" (UBTI), as defined in the Internal Revenue Code. The payment of dividends to a tax-exempt employee pension benefit trust or other domestic tax-exempt shareholder generally will not constitute unrelated business taxable income to such shareholder unless such shareholder has borrowed to acquire or carry its shares.

In the event that we were deemed to be "predominately held" by qualified employee pension benefit trusts that each hold more than 10% (in value) of our shares, such trusts would be required to treat a certain percentage of the dividend distributions paid to them as unrelated business taxable income. We would be deemed to be "predominately held" by such trusts if either (1) one employee pension benefit trust owns more than 25% in value of our shares, or (ii) any group of such trusts, each owning more than 10% in value of our shares, holds in the aggregate more than 50% in value of our shares. If either of these ownership thresholds were ever exceeded, any qualified employee pension benefit trust holding more than 10% in value of our shares would be subject to tax on that portion of our dividend distributions made to it which is equal to the percentage of our income which would be UBTI if we were a qualified trust, rather than a REIT. We will attempt to monitor the concentration of ownership of employee pension benefit trusts in our shares, and we do not expect our shares to be deemed to be "predominately held" by qualified employee pension benefit trusts, as defined in the Internal Revenue Code, to the extent required to trigger the treatment of our income as to such trusts.

For social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Internal Revenue Code, respectively, income from an investment in our shares will constitute UBTI unless the shareholder in question is able to deduct amounts "set aside" or placed in reserve for certain purposes so as to offset the unrelated business taxable income generated. Any such organization which is a prospective shareholder should consult its own tax advisor concerning these "set aside" and reserve requirements.

Special Tax Considerations for Non-U.S. Shareholders

The rules governing U.S. income taxation of non-resident alien individuals, foreign corporations, foreign partnerships and foreign trusts and estates (collectively, "Non-U.S. shareholders") are complex. The following discussion is intended only as a summary of these rules. Non-U.S. investors should consult with their own tax advisors to determine the impact of federal, state and local income tax laws on an investment in our shares, including any reporting requirements.

Income Effectively Connected With a U.S. Trade or Business

In general, Non-U.S. shareholders will be subject to regular U.S. federal income taxation with respect to their investment in our shares if the income derived therefrom is "effectively connected" with the Non-U.S. shareholder's conduct of a trade or business in the United States. A corporate Non-U.S. shareholder that receives income that is (or is treated as) effectively connected with a U.S. trade or business also may be subject to a branch profits tax under Section 884 of the Internal Revenue Code, which is payable in addition to the regular U.S. federal corporate income tax.

The following discussion will apply to Non-U.S. shareholders whose income derived from ownership of our shares is deemed to be not "effectively connected" with a U.S. trade or business.

Distributions Not Attributable to Gain From the Sale or Exchange of a United States Real Property Interest

A distribution to a Non-U.S. shareholder that is not attributable to gain realized by us from the sale or exchange of a United States real property interest and that we do not designate as a capital gain distribution will be treated as an ordinary income distribution to the extent that it is made out of current or accumulated earnings and profits. Generally, any ordinary income distribution will be subject to a U.S. federal income tax equal to 30% of the gross amount of the distribution unless this tax is reduced by the provisions of an applicable tax treaty. Any such distribution in excess of our earnings and profits will be

treated first as a return of capital that will reduce each Non-U.S. shareholder's basis in its shares (but not below zero) and then as gain from the disposition of those shares, the tax treatment of which is described under the rules discussed below with respect to dispositions of shares.

Distributions Attributable to Gain From the Sale or Exchange of a United States Real Property Interest

Distributions to a Non-U.S. shareholder that are attributable to gain from the sale or exchange of a United States real property interest will be taxed to a Non-U.S. shareholder under Internal Revenue Code provisions enacted by the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA). Under FIRPTA, such distributions are taxed to a Non-U.S. shareholder as if the distributions were gains "effectively connected" with a U.S. trade or business. Accordingly, a Non-U.S. shareholder will be taxed at the normal capital gain rates applicable to a U.S. shareholder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals). Distributions subject to FIRPTA also may be subject to a 30% branch profits tax when made to a corporate Non-U.S. shareholder that is not entitled to a treaty exemption.

Withholding Obligations With Respect to Distributions to Non-U.S. Shareholders

Although tax treaties may reduce our withholding obligations, based on current law, we will generally be required to withhold from distributions to Non-U.S. shareholders, and remit to the Internal Revenue Service:

- 35% of designated capital gain distributions or, if greater, 35% of the amount of any distributions that could be designated as capital gain distributions; and

- 30% of ordinary income distributions (i.e., distributions paid out of our earnings and profits).

In addition, if we designate prior distributions as capital gain distributions, subsequent distributions, up to the amount of the prior distributions, will be treated as capital gain distributions for purposes of withholding. A distribution in excess of our earnings and profits will be subject to 30%

withholding if at the time of the distribution it cannot be determined whether the distribution will be in an amount in excess of our current or accumulated earnings and profits. If the amount of tax we withhold with respect to a distribution to a Non-U.S. shareholder exceeds the shareholder's U.S. tax liability with respect to that distribution, the Non-U.S. shareholder may file a claim with the Internal Revenue Service for a refund of the excess.

Sale of Our Shares by a Non-U.S. Shareholder

A sale of our shares by a Non-U.S. shareholder will generally not be subject to U.S. federal income taxation unless our shares constitute a "United States real property interest" within the meaning of FIRPTA. Our shares will not constitute a United States real property interest if we are a "domestically controlled REIT." A "domestically controlled REIT" is a REIT that at all times during a specified testing period has less than 50% in value of its shares held directly or indirectly by Non-U.S. shareholders. We currently anticipate that we will be a domestically controlled REIT. Therefore, sales of our shares should not be subject to taxation under FIRPTA. However, we cannot assure you that we will continue to be a domestically controlled REIT. If we were not a domestically controlled REIT, whether a Non-U.S. shareholder's sale of our shares would be subject to tax under FIRPTA as a sale of a United States real property interest would depend on whether our shares were "regularly traded" on an established securities

market and on the size of the selling shareholder's interest in us. Our shares currently are not "regularly traded" on an established securities market.

If the gain on the sale of shares were subject to taxation under FIRPTA, a Non-U.S. shareholder would be subject to the same treatment as a U.S. shareholder with respect to the gain, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals. In addition, distributions that are treated as gain from the disposition of shares and are subject to tax under FIRPTA also may be subject to a 30% branch profits tax when made to a corporate Non-U.S. shareholder that is not entitled to a treaty exemption. Under FIRPTA, the purchaser of our shares may be required to withhold 10% of the purchase price and remit this amount to the Internal Revenue Service.

Even if not subject to FIRPTA, capital gains will be taxable to a Non-U.S. shareholder if the Non-U.S. shareholder is a non-resident alien individual who is present in the United States for 183 days or more during the taxable year and some other conditions apply, in which case the non-resident alien individual will be subject to a 30% tax on his or her U.S. source capital gains.

Recently promulgated Treasury Regulations may alter the procedures for claiming the benefits of an income tax treaty. Our Non-U.S. shareholders should consult their tax advisors concerning the effect, if any, of these Treasury Regulations on an investment in our shares.

Information Reporting Requirements and Backup Withholding for Non-U.S. Shareholders

Additional issues may arise for information reporting and backup withholding for Non-U.S. shareholders. Non-U.S. shareholders should consult their tax advisors with regard to U.S. information reporting and backup withholding requirements under the Internal Revenue Code.

Statement of Stock Ownership

We are required to demand annual written statements from the record holders of designated percentages of our shares disclosing the actual owners of the shares. Any record shareholder who, upon our request, does not provide us with required information concerning actual ownership of the shares is required to include specified information relating to his shares in his federal income tax return. We also must maintain, within the Internal Revenue District in which we are required to file our federal income tax return, permanent records showing the information we have received about the actual ownership of shares and a list

of those persons failing or refusing to comply with our demand.

State and Local Taxation

We and any operating subsidiaries we may form may be subject to state and local tax in states and localities in which we or they do business or own property. The tax treatment of the Wells REIT, Wells OP, any operating subsidiaries we may form and the holders of our shares in local jurisdictions may differ from the federal income tax treatment described above.

Tax Aspects of Our Operating Partnership

The following discussion summarizes certain federal income tax considerations applicable to our investment in Wells OP, our operating partnership. The discussion does not cover state or local tax laws or any federal tax laws other than income tax laws.

Classification as a Partnership

We will be entitled to include in our income a distributive share of Wells OP's income and to deduct our distributive share of Wells OP's losses only if Wells OP is classified for federal income tax purposes as a partnership, rather than as an association taxable as a corporation. Under applicable Treasury Regulations (the "Check-the-Box-Regulations"), an unincorporated entity with at least two members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity fails to make an election, it generally will be treated as a partnership for federal income tax purposes. Wells OP intends to be classified as a partnership for federal income tax purposes and will not elect to be treated as an association taxable as a corporation under the Check-the-Box-Regulations.

Even though Wells OP will elect to be treated as a partnership for federal income tax purposes, it may be taxed as a corporation if it is deemed to be a "publicly traded partnership." A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof); provided, that even if the foregoing requirements are met, a publicly traded partnership will not be treated as a corporation for federal income tax purposes if at least 90% of such partnership's gross income for a taxable year consists of "qualifying income" under Section 7704(d) of the Internal Revenue Code. Qualifying income generally includes any income that is qualifying income for purposes of the 95% Income Test applicable to REITs (90% Passive-Type Income Exception). (See "Requirements for Qualification as a REIT -- Operational Requirements - Gross Income Tests").

Under applicable Treasury Regulations (PTP Regulations), limited safe harbors from the definition of a publicly traded partnership are provided. Pursuant to one of those safe harbors (Private Placement Exclusion), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (i) all interests in the partnership were issued in a transaction (or transactions) that was not required to be registered under the Securities Act of 1933, as amended, and (ii) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a flow-through entity (such as a partnership, grantor trust or S corporation) that owns an interest in the partnership is treated as a partner in such partnership only if (a) substantially all of the value of the owner's interest in the flow-through is attributable to the flow-through entity's interest (direct or indirect) in the partnership and (b) a principal purpose of the use of the flow-through entity is to permit the partnership to satisfy the 100 partner limitation. Wells OP qualifies for the Private Placement Exclusion. Even if Wells OP is considered a publicly traded partnership under the PTP Regulations because it is deemed to have more than 100 partners, however, Wells OP should not be treated as a corporation because it should be eligible for the 90% Passive-Type Income Exception described above.

We have not requested, and do not intend to request, a ruling from the

Internal Revenue Service that Wells OP will be classified as a partnership for federal income tax purposes. Holland & Knight LLP is of the opinion, however, that based on certain factual assumptions and representations, Wells OP will more likely than not be treated for federal income tax purposes as a partnership and not as an association taxable as a corporation, or as a publicly traded partnership. Unlike a tax ruling, however, an opinion of counsel is not binding upon the Internal Revenue Service, and no assurance can be given that the Internal Revenue Service will not challenge the status of Wells OP as a partnership for federal income tax purposes. If such challenge were sustained by a court, Wells OP would be treated as a corporation for federal income tax purposes, as described below. In addition, the opinion of Holland & Knight LLP is based on existing law, which is to a great extent the result of administrative and judicial interpretation. No assurance can be given that administrative or judicial changes would not modify the conclusions expressed in the opinion.

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

Income Taxation of the Operating Partnership and its Partners

Partners, Not a Partnership, Subject to Tax. A partnership is not a taxable entity for federal income tax purposes. As a partner in Wells OP, we will be required to take into account our allocable share of Wells OP's income, gains, losses, deductions, and credits for any taxable year of Wells OP ending within or with our taxable year, without regard to whether we have received or will receive any distribution from Wells OP.

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

Tax Allocations With Respect to Contributed Properties. Pursuant to Section 704(c) of the Internal Revenue Code, income, gain, loss, and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for federal income tax purposes in a manner such that the contributor is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. Under applicable Treasury Regulations, partnerships are required to use a "reasonable method" for allocating items subject to Section 704(c) of the Internal Revenue Code and several reasonable allocation methods are described therein.

Under the partnership agreement for Wells OP, depreciation or amortization deductions of Wells OP generally will be allocated among the

partners in accordance with their respective interests in Wells OP, except to the extent that Wells OP is required under Section 704(c) to use a method for allocating depreciation deductions attributable to its properties that results in us receiving a disproportionately large share of such deductions. It is possible that we may (1) be allocated lower amounts of depreciation deductions for tax purposes with respect to contributed properties than would be allocated to us if each such property were to have a tax basis equal to its fair market value at the time of contribution, and (2) be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic profit allocated to us as a result of such sale. These allocations may cause us to recognize taxable income in excess of cash proceeds received by us, which might adversely affect our ability to comply with the REIT

distribution requirements, although we do not anticipate that this event will occur. The foregoing principles also will affect the calculation of our earnings and profits for purposes of determining which portion of our distributions is taxable as a dividend. The allocations described in this paragraph may result in a higher portion of our distributions being taxed as a dividend than would have occurred had we purchased such properties for cash.

Basis in Operating Partnership Interest. The adjusted tax basis of our partnership interest in Wells OP generally is equal to (1) the amount of cash and the basis of any other property contributed to Wells OP by us, (2) increased by (A) our allocable share of Wells OP's income and (B) our allocable share of indebtedness of Wells OP, and (3) reduced, but not below zero, by (A) our allocable share of Wells OP's loss and (B) the amount of cash distributed to us, including constructive cash distributions resulting from a reduction in our share of indebtedness of Wells OP.

If the allocation of our distributive share of Wells OP's loss would reduce the adjusted tax basis of our partnership interest in Wells OP below zero, the recognition of such loss will be deferred until such time as the recognition of such loss would not reduce our adjusted tax basis below zero. If a distribution from Wells OP or a reduction in our share of Wells OP's liabilities (which is treated as a constructive distribution for tax purposes) would reduce our adjusted tax basis below zero, any such distribution, including a constructive distribution, would constitute taxable income to us. The gain realized by us upon the receipt of any such distribution or constructive distribution would normally be characterized as capital gain, and if our partnership interest in Wells OP has been held for longer than the long-term capital gain holding period (currently one year), the distribution would constitute long-term capital gain.

Depreciation Deductions Available to the Operating Partnership. Wells OP will use a portion of contributions made by the Wells REIT from offering proceeds to acquire interests in properties. To the extent that Wells OP acquires properties for cash, Wells OP's initial basis in such properties for federal income tax purposes generally will be equal to the purchase price paid by Wells OP. Wells OP plans to depreciate each such depreciable property for federal income tax purposes under the alternative depreciation system of depreciation (ADS). Under ADS, Wells OP generally will depreciate such buildings and improvements over a 40-year recovery period using a straight-line method and a mid-month convention and will depreciate furnishings and equipment over a 12-year recovery period. To the extent that Wells OP acquires properties in exchange for units of Wells OP, Wells OP's initial basis in each such property for federal income tax purposes should be the same as the transferor's basis in that property on the date of acquisition by Wells OP. Although the law is not entirely clear, Wells OP generally intends to depreciate such depreciable property for federal income tax purposes over the same remaining useful lives and under the same methods used by the transferors.

Sale of the Operating Partnership's Property

Generally, any gain realized by Wells OP on the sale of property held for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. Any gain recognized by Wells OP upon the disposition of a property acquired by Wells OP for cash will be allocated among the partners in accordance with their

respective percentage interests in Wells OP.

Our share of any gain realized by Wells OP on the sale of any property held by Wells OP as inventory or other property held primarily for sale to customers in the ordinary course of Wells OP's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income also may have an adverse effect upon our ability to satisfy the Income Tests for maintaining our REIT status. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT -- Gross Income Tests" above.) We, however, do not presently intend to acquire

or hold or allow Wells OP to acquire or hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of our or Wells OP's trade or business.

ERISA Considerations

The following is a summary of some non-tax considerations associated with an investment in our shares by a qualified employee pension benefit plan or an IRA. This summary is based on provisions of ERISA and the Internal Revenue Code, as amended through the date of this prospectus, and relevant regulations and opinions issued by the Department of Labor and the Internal Revenue Service. We cannot assure you that adverse tax decisions or legislative, regulatory or administrative changes which would significantly modify the statements expressed herein will not occur. Any such changes may or may not apply to transactions entered into prior to the date of their enactment.

Each fiduciary of an employee pension benefit plan subject to ERISA, such as a profit sharing, section 401(k) or pension plan, or of any other retirement plan or account subject to Section 4975 of the Internal Revenue Code, such as an IRA (Benefit Plans), seeking to invest plan assets in our shares must, taking into account the facts and circumstances of such Benefit Plan, consider, among other matters:

- whether the investment is consistent with the applicable provisions of ERISA and the Internal Revenue Code;
- whether, under the facts and circumstances attendant to the Benefit Plan in question, the fiduciary's responsibility to the plan has been satisfied;
- whether the investment will produce UBTI to the Benefit Plan (see "Federal Income Tax Considerations -- Treatment of Tax-Exempt Shareholders"); and
- the need to value the assets of the Benefit Plan annually.

Under ERISA, a plan fiduciary's responsibilities include the following duties:

- to act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;
- to invest plan assets prudently;
- to diversify the investments of the plan unless it is clearly prudent not to do so;
- to ensure sufficient liquidity for the plan; and
- to consider whether an investment would constitute or give rise to a prohibited transaction under ERISA or the Internal Revenue Code.

ERISA also requires that the assets of an employee benefit plan be held in trust and that the trustee, or a duly authorized named fiduciary or investment

manager, have exclusive authority and discretion to manage and control the assets of the plan.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit specified transactions involving the assets of a Benefit Plan which are between the plan and any "party in interest" or "disqualified person" with respect to that Benefit Plan. These transactions are prohibited regardless of

how beneficial they may be for the Benefit Plan. Prohibited transactions include the sale, exchange or leasing of property, the lending of money or the extension of credit between a Benefit Plan and a party in interest or disqualified person, and the transfer to, or use by, or for the benefit of, a party in interest, or disqualified person, of any assets of a Benefit Plan. A fiduciary of a Benefit Plan also is prohibited from engaging in self-dealing, acting for a person who has an interest adverse to the plan or receiving any consideration for its own account from a party dealing with the plan in a transaction involving plan assets. Furthermore, Section 408 of the Internal Revenue Code states that assets of an IRA trust may not be commingled with other property except in a common trust fund or common investment fund.

Plan Asset Considerations

In order to determine whether an investment in our shares by Benefit Plans creates or gives rise to the potential for either prohibited transactions or the commingling of assets referred to above, a fiduciary must consider whether an investment in our shares will cause our assets to be treated as assets of the investing Benefit Plans. Neither ERISA nor the Internal Revenue Code define the term "plan assets," however, U.S. Department of Labor Regulations provide guidelines as to whether, and under what circumstances, the underlying assets of an entity will be deemed to constitute assets of a Benefit Plan when the plan invests in that entity (the Plan Assets Regulation). Under the Plan Assets Regulation, the assets of corporations, partnerships or other entities in which a Benefit Plan makes an equity investment will generally be deemed to be assets of the Benefit Plan unless the entity satisfies one of the exceptions to this general rule. As discussed below, we have received an opinion of counsel that, based on the Plan Assets Regulation, our underlying assets should not be deemed to be "plan assets" of Benefit Plans investing in shares, assuming the conditions set forth in the opinion are satisfied, based upon the fact that at least one of the specific exemptions set forth in the Plan Assets Regulation is satisfied, as determined below.

Specifically, the Plan Assets Regulation provides that the underlying assets of REITs will not be treated as assets of a Benefit Plan investing therein if the interest the Benefit Plan acquires is a "publicly-offered security." A publicly-offered security must be:

- sold as part of a public offering registered under the Securities Act of 1933, as amended, and be part of a class of securities registered under the Securities Exchange Act of 1934, as amended, within a specified time period;

- part of a class of securities that is owned by 100 or more persons who are independent of the issuer and one another; and

- "freely transferable."

Our shares are being sold as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act, and are part of a class registered under the Securities Exchange Act. In addition, we have over 100 independent shareholders. Thus, both the first and second criterion of the publicly-offered security exception will be satisfied.

Whether a security is "freely transferable" depends upon the particular facts and circumstances. Our shares are subject to certain restrictions on transferability intended to ensure that we continue to qualify for federal income tax treatment as a REIT. The regulation provides, however, that where the minimum investment in a public offering of securities is $10,000 or less, the presence of a restriction on transferability intended to prohibit transfers

which would result in a termination or reclassification of the entity for state or federal tax purposes will not ordinarily affect a determination that such securities are freely transferable. The minimum investment in our shares is less than $10,000; thus, the restrictions

imposed in order to maintain our status as a REIT should not cause the shares to be deemed not freely transferable.

In the event that our underlying assets were treated by the Department of Labor as the assets of investing Benefit Plans, our management would be treated as fiduciaries with respect to each Benefit Plan shareholder, and an investment in our shares might constitute an ineffective delegation of fiduciary responsibility to Wells Capital, our advisor, and expose the fiduciary of the Benefit Plan to co-fiduciary liability under ERISA for any breach by Wells Capital of the fiduciary duties mandated under ERISA. Further, if our assets are deemed to be "plan assets," an investment by an IRA in our shares might be deemed to result in an impermissible commingling of IRA assets with other property.

If our advisor or affiliates of our advisor were treated as fiduciaries with respect to Benefit Plan shareholders, the prohibited transaction restrictions of ERISA and the Internal Revenue Code would apply to any transaction involving our assets. These restrictions could, for example, require that we avoid transactions with entities that are affiliated with us or our affiliates or restructure our activities in order to obtain an administrative exemption from the prohibited transaction restrictions. Alternatively, we might have to provide Benefit Plan shareholders with the opportunity to sell their shares to us or we might dissolve or terminate.

If a prohibited transaction were to occur, the Internal Revenue Code imposes an excise tax equal to 15% of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not "corrected." These taxes would be imposed on any disqualified person who participates in the prohibited transaction. In addition, Wells Capital and possibly other fiduciaries of Benefit Plan shareholders subject to ERISA who permitted the prohibited transaction to occur or who otherwise breached their fiduciary responsibilities, or a non-fiduciary participating in a prohibited transaction, could be required to restore to the Benefit Plan any profits they realized as a result of the transaction or breach, and make good to the Benefit Plan any losses incurred by the Benefit Plan as a result of the transaction or breach. With respect to an IRA that invests in our shares, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, would cause the IRA to lose its tax-exempt status under Section 408(e)(2) of the Internal Revenue Code.

We have obtained an opinion from Holland & Knight LLP that our shares more likely than not constitute "publicly-offered securities" and, accordingly, it is more likely than not that our underlying assets should not be considered "plan assets" under the Plan Assets Regulation, assuming the offering takes place as described in this prospectus. If our underlying assets are not deemed to be "plan assets," the problems discussed in the immediately preceding three paragraphs are not expected to arise.

Other Prohibited Transactions

Regardless of whether the shares qualify for the "publicly-offered security" exception of the Plan Assets Regulation, a prohibited transaction could occur if the Wells REIT, Wells Capital, any selected dealer or any of their affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to any Benefit Plan purchasing the shares. Accordingly, unless an administrative or statutory exemption applies, shares should not be purchased by a Benefit Plan with respect to which any of the above persons is a fiduciary. A person is a fiduciary with respect to a Benefit Plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to "plan assets" or provides investment advice for a fee with respect to "plan assets." Under a regulation issued by the Department of Labor, a person shall be deemed to be providing investment advice if that person renders advice as to the advisability of investing in our shares and that person

regularly provides investment advice to the Benefit Plan pursuant to a mutual agreement or understanding (written or otherwise) (1) that

the advice will serve as the primary basis for investment decisions, and (2) that the advice will be individualized for the Benefit Plan based on its particular needs.

Annual Valuation

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report reflecting that value with the Department of Labor. When the fair market value of any particular asset is not available, the fiduciary is required to make a good faith determination of that asset's "fair market value" assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide an IRA participant with a statement of the value of the IRA each year. In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the plan and the general fiduciary standards of ERISA.

Unless and until our shares are listed on a national securities exchange or are included for quotation on Nasdaq, it is not expected that a public market for the shares will develop. To date, neither the Internal Revenue Service nor the Department of Labor has promulgated regulations specifying how a plan fiduciary should determine the "fair market value" of the shares, namely when the fair market value of the shares is not determined in the marketplace. Therefore, to assist fiduciaries in fulfilling their valuation and annual reporting responsibilities with respect to ownership of shares, we intend to provide reports of our annual determinations of the current value of our net assets per outstanding share to those fiduciaries (including IRA trustees and custodians) who identify themselves to us and request the reports. Until December 31, 2002, we intend to use the offering price of shares as the per share net asset value. Beginning with the year 2003, the value of the properties and our other assets will be based on a valuation. Such valuation will be performed by a person independent of us and of Wells Capital.

We anticipate that we will provide annual reports of our determination of value (1) to IRA trustees and custodians not later than January 15 of each year, and (2) to other Benefit Plan fiduciaries within 75 days after the end of each calendar year. Each determination may be based upon valuation information available as of October 31 of the preceding year, up-dated, however, for any material changes occurring between October 31 and December 31.

We intend to revise these valuation procedures to conform with any relevant guidelines that the Internal Revenue Service or the Department of Labor may hereafter issue. Meanwhile, we cannot assure you:

- that the value determined by us could or will actually be realized by us or by shareholders upon liquidation (in part because appraisals or estimated values do not necessarily indicate the price at which assets could be sold and because no attempt will be made to estimate the expenses of selling any of our assets);
- that shareholders could realize this value if they were to attempt to sell their shares; or
- that the value, or the method used to establish value, would comply with the ERISA or IRA requirements described above.

Description of Shares

The following description of the shares is not complete but is a summary of portions of our articles of incorporation and is qualified in its

entirety by reference to the articles of incorporation.

Under our articles of incorporation, we have authority to issue a total of 500,000,000 shares of capital stock. Of the total shares authorized, 350,000,000 shares are designated as common stock with a par value of $0.01 per share, 50,000,000 shares are designated as preferred stock with a par value of $0.01 per share and 100,000,000 shares are designated as shares-in-trust, which would be issued only in the event we have purchases in excess of the ownership limits described below.

As of December 10, 2000, approximately 30,185,358 shares of our common stock were issued and outstanding, and no shares of preferred stock or shares-in-trust were issued and outstanding.

Common Stock

The holders of common stock are entitled to one vote per share on all matters voted on by shareholders, including election of our directors. Our articles of incorporation do not provide for cumulative voting in the election of directors. Therefore, the holders of a majority of the outstanding common shares can elect our entire board of directors. Subject to any preferential rights of any outstanding series of preferred stock, the holders of common stock are entitled to such dividends as may be declared from time to time by our board of directors out of legally available funds and, upon liquidation, are entitled to receive all assets available for distribution to shareholders. All shares issued in the offering will be fully paid and non-assessable shares of common stock. Holders of shares of common stock will not have preemptive rights, which means that you will not have an automatic option to purchase any new shares that we issue.

We will not issue certificates for our shares. Shares will be held in "uncertificated" form which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and eliminate the need to return a duly executed stock certificate to effect a transfer. Wells Capital, our advisor, acts as our registrar and as the transfer agent for our shares. Transfers can be effected simply by mailing to Wells Capital a transfer and assignment form, which we will provide to you at no charge.

Preferred Stock

Our articles of incorporation authorize our board of directors to designate and issue one or more classes or series of preferred stock without stockholder approval. The board of directors may determine the relative rights, preferences and privileges of each class or series of preferred stock so issued, which may be more beneficial than the rights, preferences and privileges attributable to the common stock. The issuance of preferred stock could have the effect of delaying or preventing a change in control of the Wells REIT. Our board of directors has no present plans to issue preferred stock, but may do so at any time in the future without shareholder approval.

Meetings and Special Voting Rrquirements

An annual meeting of the shareholders will be held each year, at least 30 days after delivery of our annual report. Special meetings of shareholders may be called only upon the request of a majority of the directors, a majority of the independent directors, the chairman, the president or upon the written request of shareholders holding at least 10% of the shares. The presence of a majority of the outstanding shares either in person or by proxy shall constitute a quorum. Generally, the affirmative vote of a

majority of all votes entitled to be cast is necessary to take shareholder action authorized by our articles of incorporation, except that a majority of the votes represented in person or by proxy at a meeting at which a quorum is present is sufficient to elect a director.

Under Maryland Corporation Law and our articles of incorporation, shareholders are entitled to vote at a duly held meeting at which a quorum is

present on (1) amendment of our articles of incorporation, (2) liquidation or dissolution of the Wells REIT, (3) reorganization of the Wells REIT, (4) merger, consolidation or sale or other disposition of substantially all of our assets, and (5) termination of our status as a REIT. Shareholders voting against any merger or sale of assets are permitted under Maryland Corporation Law to petition a court for the appraisal and payment of the fair value of their shares. In an appraisal proceeding, the court appoints appraisers who attempt to determine the fair value of the stock as of the date of the shareholder vote on the merger or sale of assets. After considering the appraisers' report, the court makes the final determination of the fair value to be paid to the dissenting shareholder and decides whether to award interest from the date of the merger or sale of assets and costs of the proceeding to the dissenting shareholders.

Our advisor is selected and approved annually by our directors. While the shareholders do not have the ability to vote to replace Wells Capital or to select a new advisor, shareholders do have the ability, by the affirmative vote of a majority of the shares entitled to vote on such matter, to elect to remove a director from our board.

Shareholders are entitled to receive a copy of our shareholder list upon request. The list provided by us will include each shareholder's name, address and telephone number, if available, and number of shares owned by each shareholder and will be sent within ten days of the receipt by us of the request. A shareholder requesting a list will be required to pay reasonable costs of postage and duplication. We have the right to request that a requesting shareholder represent to us that the list will not be used to pursue commercial interests.

In addition to the foregoing, shareholders have rights under Rule 14a-7 under the Securities Exchange Act, which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to shareholders in the context of the solicitation of proxies for voting on matters presented to shareholders or, at our option, provide requesting shareholders with a copy of the list of shareholders so that the requesting shareholders may make the distribution of proxies themselves.

Restriction on Ownership of Shares

In order for us to qualify as a REIT, not more than 50% of our outstanding shares may be owned by any five or fewer individuals, including some tax-exempt entities. In addition, the outstanding shares must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year. We may prohibit certain acquisitions and transfers of shares so as to ensure our continued qualification as a REIT under the Internal Revenue Code. However, we cannot assure you that this prohibition will be effective.

In order to assist us in preserving our status as a REIT, our articles of incorporation contain a limitation on ownership which prohibits any person or group of persons from acquiring, directly or indirectly, beneficial ownership of more than 9.8% of our outstanding shares. Our articles of incorporation provide that any transfer of shares that would violate our share ownership limitations is null and void and the intended transferee will acquire no rights in such shares, unless the transfer is approved by the board of directors based upon receipt of information that such transfer would not violate the provisions of the Internal Revenue Code for qualification as a REIT.

The shares in excess of the ownership limit which are attempted to be transferred will be designated as "shares-in-trust" and will be transferred automatically to a trust effective on the day before the reported transfer of such shares. The record holder of the shares that are designated as shares-in-trust will be required to submit such number of shares to the Wells REIT in the name of the trustee of the trust. We will designate a trustee of the share trust that will not be affiliated with us. We will also name one or more charitable organizations as a beneficiary of the share trust. Shares-in-trust will remain issued and outstanding shares and will be entitled to the same

rights and privileges as all other shares of the same class or series. The trustee will receive all dividends and distributions on the shares-in-trust and will hold such dividends or distributions in trust for the benefit of the beneficiary. The trustee will vote all shares-in-trust during the period they are held in trust.

At our direction, the trustee will transfer the shares-in-trust to a person whose ownership will not violate the ownership limits. The transfer shall be made within 20 days of our receipt of notice that shares have been transferred to the trust. During this 20-day period, we will have the option of redeeming such shares. Upon any such transfer or redemption, the purported transferee or holder shall receive a per share price equal to the lesser of (a) the price per share in the transaction that created such shares-in-trust, or (b) the market price per share on the date of the transfer or redemption.

Any person who (1) acquires shares in violation of the foregoing restriction or who owns shares that were transferred to any such trust is required to give immediate written notice to the Wells REIT of such event or (2) transfers or receives shares subject to such limitations is required to give the Wells REIT 15 days written notice prior to such transaction. In both cases, such persons shall provide to the Wells REIT such other information as we may request in order to determine the effect, if any, of such transfer on our status as a REIT.

The foregoing restrictions will continue to apply until (1) the board of directors determines it is no longer in the best interest of the Wells REIT to continue to qualify as a REIT and (2) there is an affirmative vote of the majority of shares entitled to vote on such matter at a regular or special meeting of the shareholders of the Wells REIT.

The ownership limit does not apply to an offeror which, in accordance with applicable federal and state securities laws, makes a cash tender offer, where at least 85% of the outstanding shares are duly tendered and accepted pursuant to the cash tender offer. The ownership limit also does not apply to the underwriter in a public offering of shares. In addition, the ownership limit does not apply to a person or persons which the directors so exempt from the ownership limit upon appropriate assurances that our qualification as a REIT is not jeopardized.

Any person who owns 5% or more of the outstanding shares during any taxable year will be asked to deliver a statement or affidavit setting forth the number of shares beneficially owned, directly or indirectly.

Dividends

Dividends will be paid on a quarterly basis regardless of the frequency with which such distributions are declared. Dividends will be paid to investors who are shareholders as of the record dates selected by the directors. We currently calculate our quarterly dividends based upon daily record and dividend declaration dates so our investors will be entitled to be paid dividends immediately upon their purchase of shares. We then make quarterly dividend payments following the end of each calendar quarter.

We are required to make distributions sufficient to satisfy the requirements for qualification as a REIT for tax purposes. Generally, income distributed as dividends will not be taxable to us under the Internal Revenue Code if we distribute at least 95% (90% beginning in year 2001) of our taxable income. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT.")

Dividends will be declared at the discretion of the board of directors, in accordance with our earnings, cash flow and general financial condition. The board's discretion will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, dividends may not reflect our income earned in that particular distribution period but may be made in anticipation of cash flow which we expect to receive during a later quarter and may be made in advance of actual receipt of funds in an attempt to

make dividends relatively uniform. We may borrow money, issue new securities or sell assets in order to make dividend distributions.

We are not prohibited from distributing our own securities in lieu of making cash dividends to shareholders, provided that the securities distributed to shareholders are readily marketable. Shareholders who receive marketable securities in lieu of cash dividends may incur transaction expenses in liquidating the securities.

Dividend Reinvestment Plan

We currently have a dividend reinvestment plan available that allows you to have your dividends otherwise distributable to you invested in additional shares of the Wells REIT.

You may purchase shares under the dividend reinvestment plan for $10 per share, less any discounts authorized in the "Plan of Distribution" section of this prospectus, until all of the shares registered as part of this offering have been sold. After this time, we may purchase shares either through purchases on the open market, if a market then exists, or through an additional issuance of shares. In any case, the price per share will be equal to the then-prevailing market price, which shall equal the price on the securities exchange or over-the-counter market on which such shares are listed at the date of purchase if such shares are then listed. A copy of our Amended and Restated Dividend Reinvestment Plan as currently in effect is included as Exhibit B to this prospectus.

You may elect to participate in the dividend reinvestment plan by completing the Subscription Agreement, the enrollment form or by other written notice to the plan administrator. Participation in the plan will begin with the next distribution made after receipt of your written notice. We may terminate the dividend reinvestment plan for any reason at any time upon 10 days' prior written notice to participants. Your participation in the plan will also be terminated to the extent that a reinvestment of your distributions in our shares would cause the percentage ownership limitation contained in our articles of incorporation to be exceeded.

If you elect to participate in the dividend reinvestment plan and are subject to federal income taxation, you will incur a tax liability for dividends allocated to you even though you have elected not to receive the dividends in cash but rather to have the dividends held pursuant to the dividend reinvestment plan. Specifically, you will be treated as if you have received the dividend from us in cash and then applied such dividend to the purchase of additional shares. You will be taxed on the amount of such dividend as ordinary income to the extent such dividend is from current or accumulated earnings and profits, unless we have designated all or a portion of the dividend as a capital gain dividend.

Share Redemption Program

Prior to the time that our shares are listed on a national securities exchange, shareholders of the Wells REIT who have held their shares for at least one year may receive the benefit of limited interim liquidity by presenting for redemption all or any portion of their shares to us at any time in accordance with the procedures outlined herein. At that time, we may, subject to the conditions and limitations described below, redeem the shares presented for redemption for cash to the extent that we have sufficient funds available to us to fund such redemption.

If you have held your shares for the required one-year period, you may redeem your shares for a purchase price equal to the lesser of (1) $10 per share, or (2) the purchase price per share that you actually paid for your shares of the Wells REIT. In the event that you are redeeming all of your shares, shares purchased pursuant to our dividend reinvestment plan may be excluded from the foregoing one-year holding period requirement, in the discretion of the board of directors. In addition, for purposes of the one-year holding period, limited partners of Wells OP who exchange their limited partnership units for shares in the Wells REIT shall be deemed to have owned

their shares as of the date they were issued their limited partnership units in Wells OP. The board of directors reserves the right in its sole discretion at any time and from time to time to (1) waive the one-year holding period in the event of the death or bankruptcy of a shareholder or other exigent circumstances, (2) reject any request for redemption, (3) change the purchase price for redemptions, or (4) otherwise amend the terms of our share redemption program.

Redemption of shares, when requested, will be made quarterly on a first-come, first-served basis. Subject to funds being available, we will limit the number of shares redeemed pursuant to our share redemption program as follows: (1) during any calendar year, we will not redeem in excess of three percent (3.0%) of the weighted average number of shares outstanding during the prior calendar year; and (2) funding for the redemption of shares will come exclusively from the proceeds we receive from the sale of shares under our dividend reinvestment plan such that 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. The board of directors, in its sole discretion, may choose to terminate the share redemption program or to reduce the number of shares purchased under the share redemption program if it determines the funds otherwise available to fund our share redemption program are needed for other purposes. (See "Risk Factors - Investment Risks.")

We cannot guarantee that the funds set aside for the share redemption program will be sufficient to accommodate all requests made in any year. If we do not have such funds available, at the time when redemption is requested, you can (1) withdraw your request for redemption, or (2) ask that we honor your request at such time, if any, when sufficient funds become available. Such pending requests will be honored on a first-come, first-served basis.

The share redemption program is only intended to provide interim liquidity for shareholders until a secondary market develops for the shares. No such market presently exists, and we cannot assure you that any market for your shares will ever develop.

The shares we purchase under the share redemption program will be cancelled, and will have the status of authorized, but unissued shares. We will not reissue such shares unless they are first registered with the Securities and Exchange Commission (Commission) under the Securities Act of 1933 and under appropriate state securities laws or otherwise issued in compliance with such laws.

If we terminate, reduce the scope of or otherwise change the share redemption program, we will disclose the changes in reports filed with the Commission.

Restrictions on Roll-Up Transactions

In connection with any proposed transaction considered a "Roll-up Transaction" involving the Wells REIT and the issuance of securities of an entity (a Roll-up Entity) that would be created or would survive after the successful completion of the Roll-up Transaction, an appraisal of all properties shall be obtained from a competent independent appraiser. The properties shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the properties as of a date immediately prior to the announcement of the proposed Roll-up Transaction. The appraisal shall assume an orderly liquidation of properties over a 12-month period. The terms of the engagement of the independent appraiser shall clearly state that the engagement is for our benefit and the shareholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to shareholders in connection with any proposed Roll-up Transaction.

A "Roll-up Transaction" is a transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of the Wells REIT and the issuance of securities of a Roll-up Entity. This term does not include:

- a transaction involving our securities that have been for at least 12 months listed on a national securities exchange or included for quotation on Nasdaq; or

- a transaction involving the conversion to corporate, trust, or association form of only the Wells REIT if, as a consequence of the transaction, there will be no significant adverse change in any of the following: shareholder voting rights; the term of our existence; compensation to Wells Capital; or our investment objectives.

On connection with a proposed Roll-up Transaction, the person sponsoring the Roll-up Transaction must offer to shareholders who vote "no" on the proposal the choice of:

(1) accepting the securities of a Roll-up Entity offered in the proposed Roll-up Transaction; or

(2) one of the following:

(A) remaining as shareholders of the Wells REIT and preserving their interests therein on the same terms and conditions as existed previously, or

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

We are prohibited from participating in any proposed Roll-up Transaction:

- which would result in the shareholders having democracy rights in a Roll-up Entity that are less than those provided in our bylaws and described elsewhere in this prospectus, including rights with respect to the election and removal of directors, annual reports, annual and special meetings, amendment of our articles of incorporation, and dissolution of the Wells REIT;

- which includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-up Entity, except to the minimum extent necessary to preserve the tax status of the Roll-up Entity, or which

would limit the ability of an investor to exercise the voting rights of its securities of the Roll-up Entity on the basis of the number of shares held by that investor;

- in which investor's rights to access of records of the Roll-up Entity will be less than those provided in the section of this prospectus entitled "Description of Shares -- Meetings and Special Voting Requirements;" or

- in which any of the costs of the Roll-up Transaction would be borne by us if the Roll-up Transaction is not approved by the shareholders.

Business Combinations

Under Maryland Corporation Law, business combinations between a Maryland corporation and an interested shareholder or the interested shareholder's affiliate are prohibited for five years after the most recent date on which the shareholder becomes an interested shareholder. For this purpose, the term "business combinations" includes mergers, consolidations, share exchanges, asset transfers and issuances or reclassifications of equity securities. An "interested shareholder" is defined for this purpose as:

(1) any person who beneficially owns ten percent or more of the

voting power of the corporation's shares; or

(2) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting shares of the corporation.

After the five-year prohibition, any business combination between the corporation and an interested shareholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

(1) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation; and

(2) two-thirds of the votes entitled to be cast by holders of voting shares of the corporation other than shares held by the interested shareholder or its affiliate with whom the business combination is to be effected, or held by an affiliate or associate of the interested shareholder voting together as a single voting group.

These super-majority vote requirements do not apply if the corporation's common shareholders receive a minimum price, as defined under Maryland Corporation Law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its shares. None of these provisions of the Maryland Corporation Law will apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested shareholder becomes an interested shareholder.

The business combination statute may discourage others from trying to acquire control of the Wells REIT and increase the difficulty of consummating any offer.

Control Share Acquisitions

Maryland Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the Acquisitions, or by officers or directors who are employees of the corporation are not entitled to vote on the matter. As permitted by Maryland Corporation Law, we have provided in our bylaws that the control share provisions of Maryland Corporation Law will not apply to transactions involving the Wells REIT, but the board of directors retains the discretion to change this provision in the future.

"Control shares" are voting shares which, if aggregated with all other shares owned by the acquiror or with respect to which the acquiror has the right to vote or to direct the voting of, other than solely by virtue of revocable proxy, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting powers:

- one-fifth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval.

Except as otherwise specified in the statute, a "control share acquisition" means the acquisition of control shares.

Once a person who has made or proposes to make a control share acquisition has undertaken to pay expenses and has satisfied other required conditions, the person may compel the board of directors to call a special meeting of shareholders to be held within 50 days of demand to consider the

voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any shareholders meeting.

If voting rights are not approved for the control shares at the meeting or if the acquiring person does not deliver an "acquiring person statement" for the control shares as required by the statute, the corporation may redeem any or all of the control shares for their fair value, except for control shares for which voting rights have previously been approved. Fair value is to be determined for this purpose without regard to the absence of voting rights for the control shares, and is to be determined as of the date of the last control share acquisition or of any meeting of shareholders at which the voting rights for control shares are considered and not approved.

If voting rights for control shares are approved at a shareholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. The fair value of the shares as determined for purposes of these appraisal rights may not be less than the highest price per share paid in the control share acquisition. Some of the limitations and restrictions otherwise applicable to the exercise of dissenters' rights do not apply in the context of a control share acquisition.

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

The Operating Partnership Agreement

General

Wells Operating Partnership, L.P. (Wells OP) was formed in January 1998 to acquire, own and operate properties on our behalf. It is considered to be an Umbrella Partnership Real Estate Investment Trust (UPREIT), which structure is utilized generally to provide for the acquisition of real property from owners who desire to defer taxable gain otherwise to be recognized by them upon the disposition of their property. Such owners may also desire to achieve diversity in their investment and other benefits afforded to owners of stock in a REIT. For purposes of satisfying the Asset and Income Tests for qualification as a REIT for tax purposes, the REIT's proportionate share of the assets and income of an UPREIT, such as Wells OP, will be deemed to be assets and income of the REIT.

The property owner's goals are accomplished because a property owner may contribute property to an UPREIT in exchange for limited partnership units on a tax-free basis. Further, Wells OP is structured to make distributions with respect to limited partnership units which are equivalent to the dividend distributions made to shareholders of the Wells REIT. Finally, a limited partner in Wells OP may later exchange his limited partnership units in Wells OP for shares of the Wells REIT (in a taxable transaction) and, if our shares are then listed, achieve liquidity for his investment.

Substantially all of our assets are held by Wells OP, and we intend to make future acquisitions of real properties using the UPREIT structure. The Wells REIT is the sole general partner of Wells OP and, as of September 30, 2000, owned an approximately 99% equity percentage interest in Wells OP. Wells Capital, our advisor, has contributed $200,000 to Wells OP and is currently the only limited partner owning the other approximately 1% equity percentage interest in Wells OP. As the sole general partner of Wells OP, we have the exclusive power to manage and conduct the business of Wells OP.

The following is a summary of certain provisions of the partnership agreement of Wells OP. This summary is not complete and is qualified by the specific language in the partnership agreement. You should refer to the partnership agreement, itself, which we have filed as an exhibit to the registration statement, for more detail.

Capital Contributions

As we accept subscriptions for shares, we will transfer substantially all of the net proceeds of the offering to Wells OP as a capital contribution; however, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors. Wells OP will be deemed to have simultaneously paid the selling commissions and other costs associated with the offering. If Wells OP requires additional funds at any time in excess of capital contributions made by us and Wells Capital or from borrowing, we may borrow funds from a financial institution or other lender and lend such funds to Wells OP on the same terms and conditions as are applicable to our borrowing of such funds. In addition, we are authorized to cause Wells OP to issue partnership interests for less than fair market value if we conclude in good faith that such issuance is in the best interest of Wells OP and the Wells REIT.

Operations

The partnership agreement requires that Wells OP be operated in a manner that will enable the Wells REIT to (1) satisfy the requirements for being classified as a REIT for tax purposes, (2) avoid any federal income or excise tax liability, and (3) ensure that Wells OP will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Internal Revenue Code, which classification could

result in Wells OP being taxed as a corporation, rather than as a partnership. (See "Federal Income Tax Considerations - Tax Aspects of the Operating Partnership - Classification as a Partnership.")

The partnership agreement provides that Wells OP will distribute cash flow from operations to the limited partners of Wells OP in accordance with their relative percentage interests on at least a quarterly basis in amounts determined by the Wells REIT as general partner such that a holder of one unit of limited partnership interest in Wells OP will receive the same amount of annual cash flow distributions from Wells OP as the amount of annual dividends paid to the holder of one of our shares. Remaining cash from operations will be distributed to the Wells REIT as the general partner to enable us to make dividend distributions to our shareholders.

Similarly, the partnership agreement of Wells OP provides that taxable income is allocated to the limited partners of Wells OP in accordance with their relative percentage interests such that a holder of one unit of limited partnership interest in Wells OP will be allocated taxable income for each taxable year in an amount equal to the amount of taxable income to be recognized by a holder of one of our shares, subject to compliance with the provisions of Sections 704(b) and 704(c) of the Internal Revenue Code and corresponding Treasury Regulations. Losses, if any, will generally be allocated among the partners in accordance with their respective percentage interests in Wells OP.

Upon the liquidation of Wells OP, after payment of debts and obligations, any remaining assets of Wells OP will be distributed to partners with positive capital accounts in accordance with their respective positive capital account balances. If the Wells REIT were to have a negative balance in its capital account following a liquidation, it would be obligated to contribute cash to Wells OP equal to such negative balance for distribution to other partners, if any, having positive balances in their capital accounts.

In addition to the administrative and operating costs and expenses incurred by Wells OP in acquiring and operating real properties, Wells OP will pay all administrative costs and expenses of the Wells REIT and such expenses will be treated as expenses of Wells OP. Such expenses will include:

- all expenses relating to the formation and continuity of existence of the Wells REIT;

- all expenses relating to the public offering and registration of securities by the Wells REIT;

- all expenses associated with the preparation and filing of any periodic reports by the Wells REIT under federal, state or local laws or

regulations;

. all expenses associated with compliance by the Wells REIT with applicable laws, rules and regulations; and

. all other operating or administrative costs of the Wells REIT incurred in the ordinary course of its business on behalf of Wells OP.

Exchange Rights

The limited partners of Wells OP, including Wells Capital, have the right to cause Wells OP to redeem their limited partnership units for cash equal to the value of an equivalent number of our shares, or, at our option, we may purchase their limited partnership units by issuing one share of the Wells REIT for each limited partnership unit redeemed. These exchange rights may not be exercised, however, if and to the extent that the delivery of shares upon such exercise would (1) result in any person owning shares in excess of our ownership limits, (2) result in shares being owned by fewer than 100 persons, (3) result in

the Wells REIT being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code, (4) cause the Wells REIT to own 10% or more of the ownership interests in a tenant within the meaning of Section 856(d)(2)(B) of the Internal Revenue Code, or (5) cause the acquisition of shares by a redeemed limited partner to be "integrated" with any other distribution of our shares for purposes of complying with the Securities Act.

Subject to the foregoing, limited partners may exercise their exchange rights at any time after one year following the date of issuance of their limited partnership units; provided, however, that a limited partner may not deliver more than two exchange notices each calendar year and may not exercise an exchange right for less than 1,000 limited partnership units, unless such limited partner holds less than 1,000 units, in which case, he must exercise his exchange right for all of his units.

Transferability of Interests

The Wells REIT may not (1) voluntarily withdraw as the general partner of Wells OP, (2) engage in any merger, consolidation or other business combination, or (3) transfer its general partnership interest in Wells OP (except to a wholly-owned subsidiary), unless the transaction in which such withdrawal, business combination or transfer occurs results in the limited partners receiving or having the right to receive an amount of cash, securities or other property equal in value to the amount they would have received if they had exercised their exchange rights immediately prior to such transaction or unless, in the case of a merger or other business combination, the successor entity contributes substantially all of its assets to Wells OP in return for an interest in Wells OP and agrees to assume all obligations of the general partner of Wells OP. The Wells REIT may also enter into a business combination or we may transfer our general partnership interest upon the receipt of the consent of a majority-in-interest of the limited partners of Wells OP, other than Wells Capital. With certain exceptions, the limited partners may not transfer their interests in Wells OP, in whole or in part, without the written consent of the Wells REIT as general partner. In addition, Wells Capital may not transfer its interest in Wells OP as long as it is acting as the advisor to the Wells REIT, except pursuant to the exercise of its right to exchange limited partnership units for Wells REIT shares, in which case similar restrictions on transfer will apply to the REIT shares received by Wells Capital.

Plan of Distribution

We are offering a maximum of 125,000,000 shares to the public through Wells Investment Securities, Inc., the Dealer Manager, a registered broker-dealer affiliated with the advisor. (See "Conflicts of Interest.") The shares are being offered at a price of $10.00 per share on a "best efforts" basis, which means generally that the Dealer Manager will be required to use only its best efforts to sell the shares and it has no firm commitment or obligation to purchase any of the shares. We are also offering 10,000,000 shares for sale pursuant to our

dividend reinvestment plan at a price of $10.00 per share. An additional 5,000,000 shares are reserved for issuance upon exercise of soliciting dealer warrants, which are granted to participating broker-dealers based upon the number of shares they sell. Therefore, a total of 140,000,000 shares are being registered in this offering.

Except as provided below, the Dealer Manager will receive selling commissions of 7.0% of the gross offering proceeds. The Dealer Manager will also receive 2.5% of the gross offering proceeds in the form of a dealer manager fee as compensation for acting as the Dealer Manager and for expenses incurred in connection with coordinating sales efforts, training of personnel and generally performing "wholesaling" functions. We will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of the shares. Shareholders who elect to participate in the dividend reinvestment plan will be charged selling commissions and dealer manager fees on shares

purchased pursuant to the dividend reinvestment plan on the same basis as shareholders purchasing shares other than pursuant to the dividend reinvestment plan.

We will also award to the Dealer Manager one soliciting dealer warrant for every 25 shares they sell during the offering period. The Dealer Manager may retain or reallow these warrants to broker-dealers participating in the offering, unless such issuance of soliciting dealer warrants is prohibited by either federal or state securities laws. The holder of a soliciting dealer warrant will be entitled to purchase one share from the Wells REIT at a price of $12 per share during the period beginning on the first anniversary of the effective date of this offering and ending five years after the effective date of this offering. Subject to certain exceptions, a soliciting dealer warrant may not be transferred, assigned, pledged or hypothecated for a period of one year following the effective date of this offering. The shares issuable upon exercise of the soliciting dealer warrants are being registered as part of this offering. For the life of the soliciting dealer warrants, participating broker-dealers are given the opportunity to profit from a rise in the market price for the common stock without assuming the risk of ownership, with a resulting dilution in the interest of other shareholders upon exercise of such warrants. In addition, holders of the soliciting dealer warrants would be expected to exercise such warrants at a time when we could obtain needed capital by offering new securities on terms more favorable than those provided by the soliciting dealer warrants. Exercise of the soliciting dealer warrants is governed by the terms and conditions detailed in this prospectus and in the Warrant Purchase Agreement, which is an exhibit to the Registration Statement.

The Dealer Manager may authorize certain other broker-dealers who are members of the NASD to sell shares. In the event of the sale of shares by such other broker-dealers, the Dealer Manager may reallow its commissions in the amount of up to 7.0% of the gross offering proceeds to such participating broker-dealers. In addition, the Dealer Manager, in its sole discretion, may reallow to broker-dealers participating in the offering a portion of its dealer manager fee in the aggregate amount of up to 1.5% of gross offering proceeds to be paid to such participating broker-dealers as marketing fees and as reimbursement of due diligence expenses, based on such factors as the number of shares sold by such participating broker-dealers, the assistance of such participating broker-dealers in marketing the offering and bona fide conference fees incurred.

We anticipate that the total underwriting compensation, including sales commissions, the dealer manager fee and underwriting expense reimbursements, will not exceed 9.5% of gross offering proceeds, except for the soliciting dealer warrants described above.

We have agreed to indemnify the participating broker-dealers, including the Dealer Manager, against certain liabilities arising under the Securities Act of 1933, as amended.

The broker-dealers participating in the offering of our shares are not obligated to obtain any subscriptions on our behalf, and we cannot assure you

that any shares will be sold.

Our executive officers and directors, as well as officers and employees of Wells Capital or other affiliates, may purchase shares offered in this offering at a discount. The purchase price for such shares shall be $8.90 per share reflecting the fact that the acquisition and advisory fees relating to such shares will be reduced by $0.15 per share and selling commissions in the amount of $0.70 per share and dealer manager fees in the amount of $0.25 per share will not be payable in connection with such sales. The net offering proceeds we receive will not be affected by such sales of shares at a discount. Wells Capital and its affiliates shall be expected to hold their shares purchased as shareholders for investment and not with a view towards distribution. In addition, shares purchased by Wells Capital or its affiliates shall not be entitled to vote on any matter presented to the shareholders for a vote.

You should pay for your shares by check payable to "Wells Real Estate Investment Trust, Inc." Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any subscription in whole or in part. We may not accept a subscription for shares until at least five business days after the date you receive this prospectus. You will receive a confirmation of your purchase. Except for purchases pursuant to our dividend reinvestment plan or reinvestment plans of other public real estate programs, all accepted subscriptions will be for whole shares and for not less than 100 shares ($1,000). (See "Suitability Standards.") Except in Maine, Minnesota, Nebraska and Washington, investors who have satisfied the minimum purchase requirement and have purchased units or shares in Wells programs or units or shares in other public real estate programs may purchase less than the minimum number of shares discussed above, provided that such investors purchase a minimum of 2.5 shares ($25). After investors have satisfied the minimum purchase requirement, minimum additional purchases must be in increments of at least 2.5 shares ($25), except for purchases made pursuant to our dividend reinvestment plan or reinvestment plans of other public real estate programs.

We will place the subscription proceeds in an interest-bearing account with Bank of America, N.A., Atlanta, Georgia. Subscription proceeds held in the account may be invested in securities backed by the United States government or bank money-market accounts or certificates of deposit of national or state banks that have deposits insured by the Federal Deposit Insurance Corporation, including certificates of deposit of any bank acting as depository or custodian for any such funds, as directed by our advisor. Subscribers may not withdraw funds from the account. We will withdraw funds from the account periodically for the acquisition of real estate properties or the payment of fees and expenses. We generally admit shareholders to the Wells REIT on a daily basis.

Investors who desire to establish an IRA for purposes of investing in shares may do so by having Wells Advisors, Inc., a qualified non-bank IRA custodian affiliated with the advisor, act as their IRA custodian. In the event that an IRA is established having Wells Advisors, Inc. as the IRA custodian, the authority of Wells Advisors, Inc. will be limited to holding the shares on behalf of the beneficiary of the IRA and making distributions or reinvestments in shares solely at the discretion of the beneficiary of the IRA. Wells Advisors, Inc. will not have the authority to vote any of the shares held in an IRA except strictly in accordance with the written instructions of the beneficiary of the IRA.

The offering of shares will terminate on or before December 19, 2002. However, we reserve the right to terminate this offering at any time prior to such termination date.

The proceeds of this offering will be received and held in trust for the benefit of purchasers of shares to be used only for the purposes set forth in the "Estimated Use of Proceeds" section. Subscriptions will be accepted or rejected within 30 days of receipt by the Wells REIT, and if rejected, all funds shall be returned to the rejected subscribers within ten business days.

We may sell shares to retirement plans of broker-dealers participating in the offering, to broker-dealers in their individual capacities, to IRAs and

qualified plans of their registered representatives or to any one of their registered representatives in their individual capacities for 93% of the public offering price in consideration of the services rendered by such broker-dealers and registered representatives in the offering. The net proceeds to the Wells REIT from such sales will be identical to net proceeds we receive from other sales of shares.

In connection with sales of 50,000 or more shares ($500,000) to a "purchaser" as defined below, a participating broker-dealer may agree in his sole discretion to reduce the amount of his selling commissions. Such reduction will be credited to the purchaser by reducing the total purchase price payable by such purchaser. The following table illustrates the various discount levels available:

Dollar Volume	Sales Commissions		Purchase Price	Dealer Manager Fee Per	Net Proceeds
Shares Purchased	Percent	Per Share	Per Share	Share	Per Share
Under $500,000	7.0%	$0.7000	$10.0000	$0.25	$9.05
$500,000-$999,999	5.0%	$0.4895	$ 9.7895	$0.25	$9.05
$1,000,000 and Over	3.0%	$0.2876	$ 9.5876	$0.25	$9.05

For example, if an investor purchases 100,000 shares, he could pay as little as $958,760 rather than $1,000,000 for the shares, in which event the commission on the sale of such shares would be $28,760 ($0.2876 per share), and, after payment of the dealer manager fee, we would receive net proceeds of $905,000 ($9.05 per share). The net proceeds to the Wells REIT will not be affected by volume discounts.

Because all investors will be deemed to have contributed the same amount per share to the Wells REIT for purposes of declaring and paying dividends, an investor qualifying for a volume discount will receive a higher return on his investment than investors who do not qualify for such discount.

Subscriptions may be combined for the purpose of determining the volume discounts in the case of subscriptions made by any "purchaser," as that term is defined below, provided all such shares are purchased through the same broker-dealer. The volume discount shall be prorated among the separate subscribers considered to be a single "purchaser." Any request to combine more than one subscription must be made in writing, and must set forth the basis for such request. Any such request will be subject to verification by the advisor that all of such subscriptions were made by a single "purchaser."

For the purposes of such volume discounts, the term "purchaser" includes:

- an individual, his or her spouse and their children under the age of 21 who purchase the units for his, her or their own accounts;
- a corporation, partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not;
- an employees' trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Internal Revenue Code; and
- all commingled trust funds maintained by a given bank.

Notwithstanding the above, in connection with volume sales made to investors in the Wells REIT, the advisor may, in its sole discretion, waive the "purchaser" requirements and aggregate subscriptions, including subscriptions to public real estate programs previously sponsored by the advisor, or its affiliates, as part

of a combined order for purposes of determining the number of shares purchased, provided that any aggregate group of subscriptions must be received from the same broker-dealer, including the Dealer Manager. Any such reduction in selling commission will be prorated among the separate subscribers except that, in the case of purchases through the Dealer Manager, the Dealer Manager may allocate such reduction among separate subscribers considered to be a single "purchaser" as it deems appropriate. An investor may reduce the amount of his purchase price to the net amount shown in the foregoing table, if applicable. If such investor does not reduce the purchase price, the excess amount submitted over the discounted purchase price shall be returned to the actual separate subscribers

for shares. Except as provided in this paragraph, separate subscriptions will not be cumulated, combined or aggregated.

In addition, in order to encourage purchases in amounts of 500,000 or more shares, a potential purchaser who proposes to purchase at least 500,000 shares may agree with Wells Capital and the Dealer Manager to have the acquisition and advisory fees payable to Wells Capital with respect to the sale of such shares reduced to 0.5%, to have the dealer manager fee payable to the Dealer Manager with respect to the sale of such shares reduced to 0.5%, and to have the selling commissions payable with respect to the sale of such shares reduced to 0.5%, in which event the aggregate fees payable with respect to the sale of such shares would be reduced by $1.10 per share, and the purchaser of such shares would be required to pay a total of $8.90 per share purchased, rather than $10.00 per share. The net proceeds to the Wells REIT would not be affected by such fee reductions. Of the $8.90 paid per share, we anticipate that approximately $8.40 per share or approximately 94.4% will be used to acquire properties and pay required acquisition expenses relating to the acquisition of properties. All such sales must be made through registered broker-dealers.

California residents should be aware that volume discounts will not be available in connection with the sale of shares made to California residents to the extent such discounts do not comply with the provisions of Rule 260.140.51 adopted pursuant to the California Corporate Securities Law of 1968. Pursuant to this Rule, volume discounts can be made available to California residents only in accordance with the following conditions:

- there can be no variance in the net proceeds to the Wells REIT from the sale of the shares to different purchasers of the same offering;
- all purchasers of the shares must be informed of the availability of quantity discounts;
- the same volume discounts must be allowed to all purchasers of shares which are part of the offering;
- the minimum amount of shares as to which volume discounts are allowed cannot be less than $10,000;
- the variance in the price of the shares must result solely from a different range of commissions, and all discounts allowed must be based on a uniform scale of commissions; and
- no discounts are allowed to any group of purchasers.

Accordingly, volume discounts for California residents will be available in accordance with the foregoing table of uniform discount levels based on dollar volume of shares purchased, but no discounts are allowed to any group of purchasers, and no subscriptions may be aggregated as part of a combined order for purposes of determining the number of shares purchased.

Investors who, in connection with their purchase of shares, have engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services in lieu of normal commissions based on the volume of securities sold may agree with the participating broker-dealer selling such shares and the Dealer Manager to reduce the amount of selling commissions payable with respect to such sale to zero. The

net proceeds to the Wells REIT will not be affected by eliminating the commissions payable in connection with sales to investors purchasing through such investment advisors. All such sales must be made through registered broker-dealers.

Neither the Dealer Manager nor its affiliates will directly or indirectly compensate any person engaged as an investment advisor by a potential investor as an inducement for such investment advisor to advise favorably for investment in the Wells REIT.

In addition, subscribers for shares may agree with their participating broker-dealers and the Dealer Manager to have selling commissions due with respect to the purchase of their shares paid over a six year period pursuant to a deferred commission arrangement. Shareholders electing the deferred commission option will be required to pay a total of $9.40 per share purchased upon subscription, rather than $10.00 per share, with respect to which $0.10 per share will be payable as commissions due upon subscription. For the period of six years following subscription, $0.10 per share will be deducted on an annual basis from dividends or other cash distributions otherwise payable to the shareholders and used by the Wells REIT to pay deferred commission obligations. The net proceeds to the Wells REIT will not be affected by the election of the deferred commission option. Under this arrangement, a shareholder electing the deferred commission option will pay a 1% commission upon subscription, rather than a 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years, or longer if required to satisfy outstanding deferred commission obligations, will be deducted from dividends or other cash distributions otherwise payable to such shareholder and used by the Wells REIT to satisfy commission obligations. The foregoing commission amounts may be adjusted with approval of the Dealer Manager by application of the volume discount provisions described previously.

Shareholders electing the deferred commission option who are subject to federal income taxation will incur tax liability for dividends or other cash distributions otherwise payable to them with respect to their shares even though such dividends or other cash distributions will be withheld from such shareholders and will instead be paid to third parties to satisfy commission obligations.

Investors who wish to elect the deferred commission option should make the election on their Subscription Agreement Signature Page. Election of the deferred commission option shall authorize the Wells REIT to withhold dividends or other cash distributions otherwise payable to such shareholder for the purpose of paying commissions due under the deferred commission option; provided, however, that in no event may the Wells REIT withhold in excess of $0.60 per share in the aggregate under the deferred commission option. Such dividends or cash distributions otherwise payable to shareholders may be pledged by the Wells REIT, the Dealer Manager, the advisor or their affiliates to secure one or more loans, the proceeds of which would be used to satisfy sales commission obligations.

In the event that, at any time prior to the satisfaction of our remaining deferred commission obligations, listing of the shares occurs or is reasonably anticipated to occur, or we begin a liquidation of our properties, the remaining commissions due under the deferred commission option may be accelerated by the Wells REIT. In either such event, we shall provide notice of any such acceleration to shareholders who have elected the deferred commission option. In the event of listing, the amount of the remaining commissions due shall be deducted and paid by the Wells REIT out of dividends or other cash distributions otherwise payable to such shareholders during the time period prior to listing. To the extent that the distributions during such time period are insufficient to satisfy the remaining commissions due, the obligation of Wells REIT and our shareholders to make any further payments of deferred commissions under the deferred commission option shall terminate, and participating broker-dealers will not be entitled to receive any further portion of their deferred commissions following listing of our shares. In the event of a liquidation of our properties, the amount of remaining commissions due shall be deducted and paid by the Wells REIT out of dividends or net sale proceeds otherwise payable to shareholders who are subject to any such acceleration of

their deferred commission obligations. In no event may Wells REIT withhold in excess of $0.60 per share in the aggregate for the payment of deferred commissions.

Supplemental Sales Material

In addition to this prospectus, we may utilize certain sales material in connection with the offering of the shares, although only when accompanied by or preceded by the delivery of this prospectus. In certain jurisdictions, some or all of such sales material may not be available. This material may include information relating to this offering, the past performance of the advisor and its affiliates, property brochures and articles and publications concerning real estate. In addition, the sales material may contain certain quotes from various publications without obtaining the consent of the author or the publication for use of the quoted material in the sales material.

The offering of shares is made only by means of this prospectus. Although the information contained in such sales material will not conflict with any of the information contained in this prospectus, such material does not purport to be complete, and should not be considered a part of this prospectus or the registration statement of which this prospectus is a part, or as incorporated by reference in this prospectus or said registration statement or as forming the basis of the offering of the shares.

Legal Opinions

The legality of the shares being offered hereby has been passed upon for the Wells REIT by Holland & Knight LLP (Counsel). The statements under the caption "Federal Income Tax Consequences" as they relate to federal income tax matters have been reviewed by such Counsel, and Counsel has opined as to certain income tax matters relating to an investment in shares of the Wells REIT. Counsel has represented Wells Capital, our advisor, as well as affiliates of Wells Capital, in other matters and may continue to do so in the future. (See "Conflicts of Interest.")

Experts

Audited Financial Statements

The audited financial statements of the Wells REIT as of December 31, 1999 and 1998, and for each of the years in the two-year period ended December 31, 1999, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said report.

The Statements of Revenues over Certain Operating Expenses of the Dial Building, the ASML Building, the Motorola Tempe Building and the Motorola Plainfield Building for the year ended December 31, 1999, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said reports.

Unaudited Financial Statements

The unaudited interim financial statements of the Wells REIT as of September 30, 2000, and for the three and nine-month periods ended September 30, 2000 and 1999, which are included in this prospectus, have not been audited.

The Statements of Revenues over Certain Operating Expenses of the Motorola Plainfield Building for the nine months ended September 30, 2000, which are included in this prospectus, have not been audited.

The unaudited pro forma financial statements of the Wells REIT for the year ended December 31, 1999, and for the nine-month period ended September 30, 2000, which are included in this prospectus, have not been audited.

Additional Information

We have filed with the Securities and Exchange Commission (Commission), Washington, D.C., a registration statement under the Securities Act of 1933, as amended, with respect to the shares offered pursuant to this prospectus. This prospectus does not contain all the information set forth in the registration statement and the exhibits related thereto filed with the Commission, reference to which is hereby made. Copies of the registration statement and exhibits related thereto, as well as periodic reports and information filed by the Wells REIT, may be obtained upon payment of the fees prescribed by the Commission, or may be examined at the offices of the Commission without charge, at:

- the public reference facilities in Washington, D.C. at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549;
- the Northeast Regional Office in New York at 7 World Trade Center, Suite 1300, New York, New York 10048; and
- the Midwest Regional Office in Chicago, Illinois at 500 West Madison Street, Suite 1400, Chicago, Illinois 66661-2511.

The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the Commission's website is http://www.sec.gov.

Glossary

The following are definitions of certain terms used in this prospectus and not otherwise defined in this prospectus:

"Dealer Manager" means Wells Investment Securities, Inc.

"IRA" means an individual retirement account established pursuant to Section 408 or Section 408A of the Internal Revenue Code.

"NASAA Guidelines" means the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc., as revised and adopted on September 29, 1993.

"Property Manager" means Wells Management Company, Inc.

"UBTI" means unrelated business taxable income, as that term is defined in Sections 511 through 514 of the Internal Revenue Code.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying consolidated balance sheets of WELLS REAL ESTATE INVESTMENT TRUST, INC. (a Maryland corporation) AND SUBSIDIARY as of December 31, 1999 and 1998 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wells Real Estate Investment Trust, Inc. and subsidiary as of December 31, 1999 and 1998 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 20, 2000

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1999 AND 1998

ASSETS

	1999	1998
REAL ESTATE ASSETS, at cost:		
Land	$ 14,500,822	$ 1,520,834
Building, less accumulated depreciation of $1,726,103 and $0 at December 31, 1999 and 1998, respectively	81,507,040	20,076,845
Construction in progress	12,561,459	0
Total real estate assets	108,569,321	21,597,679
INVESTMENT IN JOINT VENTURES	29,431,176	11,568,677
CASH AND CASH EQUIVALENTS	2,929,804	7,979,403
DEFERRED OFFERING COSTS	964,941	548,729
DEFERRED PROJECT COSTS	28,093	335,421

DUE FROM AFFILIATES	648,354	262,345
PREPAID EXPENSES AND OTHER ASSETS	1,280,601	540,319
Total assets	$143,852,290	$42,832,573
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable and accrued expenses	$ 461,300	$ 187,827
Notes payable	23,929,228	14,059,930
Dividends payable	2,166,701	408,176
Due to affiliate	1,079,466	554,953
Total liabilities	27,636,695	15,210,886
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 40,000,000 shares authorized, 13,471,085 shares issued and outstanding at December 31, 1999 and 3,154,136 shares issued and outstanding at December 31, 1998	134,710	31,541
Additional paid-in capital	115,880,885	27,056,112
Retained earnings	0	334,034
Total shareholders' equity	116,015,595	27,421,687
Total liabilities and shareholders' equity	$143,852,290	$42,832,573

The accompanying notes are an integral part of these consolidated balance sheets.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
REVENUES:		
Rental income	$4,735,184	$ 20,994
Equity in income of joint ventures	1,243,969	263,315
Interest income	502,993	110,869
Other income	13,249	0
	6,495,395	395,178
EXPENSES:		
Depreciation	1,726,103	0
Interest expense	442,029	11,033
Operating costs, net of reimbursements	(74,666)	0
Management and leasing fees	257,744	0
General and administrative	123,776	29,943
Legal and accounting	115,471	19,552
Computer costs	11,368	616
Amortization of organizational costs	8,921	0
	2,610,746	61,144
NET INCOME	$3,884,649	$334,034
EARNINGS PER SHARE:		
Basic and diluted	$ 0.50	$ 0.40

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	Common Stock		Additional Paid-In	Retained	Total Shareholders'
	Shares	Amount	Capital	Earnings	Equity
BALANCE, December 31, 1997	100	$ 1	$ 999	$ 0	$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	31,540,360
Net income	0	0	0	334,034	334,034
Dividends ($.31 per share)	0	0	(511,163)	0	(511,163)
Sales commissions	0	0	(2,996,334)	0	(2,996,334)
Other offering expenses	0	0	(946,210)	0	(946,210)
BALANCE, December 31, 1998	3,154,136	31,541	27,056,112	334,034	27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	103,169,490
Net income	0	0	0	3,884,649	3,884,649
Dividends ($.70 per share)	0	0	(1,346,240)	(4,218,683)	(5,564,923)
Sales commissions	0	0	(9,801,197)	0	(9,801,197)
Other offering expenses	0	0	(3,094,111)	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	$134,710	$115,880,885	$ 0	$116,015,595

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,884,649	$ 334,034
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in income of joint ventures	(1,243,969)	(263,315)
Depreciation	1,726,103	0
Amortization of organizational costs	8,921	0
Changes in assets and liabilities:		
Prepaid expenses and other assets	(749,203)	(540,319)
Accounts payable and accrued expenses	273,473	187,827
Due to affiliates	108,301	6,224
Total adjustments	123,626	(609,583)
Net cash provided by (used in) operating activities	4,008,275	(275,549)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in real estate	(85,514,506)	(21,299,071)
Investment in joint ventures	(17,641,211)	(11,276,007)
Deferred project costs paid	(3,610,967)	(1,103,913)
Distributions received from joint ventures	1,371,728	178,184
Net cash used in investing activities	(105,394,956)	(33,500,807)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	40,594,463	14,059,930
Repayments of notes payable	(30,725,165)	0
Dividends paid to shareholders	(3,806,398)	(102,987)
Issuance of common stock	103,169,490	31,540,360
Sales commissions paid	(9,801,197)	(2,996,334)
Other offering costs paid	(3,094,111)	(946,210)

Net cash provided by financing activities	96,337,082	41,554,759
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,049,599)	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	7,979,403	201,000
CASH AND CASH EQUIVALENTS, end of year	$ 2,929,804	$ 7,979,403
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:		
Deferred project costs applied to real estate assets	$ 3,183,239	$ 298,608
Deferred project costs contributed to joint ventures	$ 735,056	$ 469,884
Deferred offering costs due to affiliate	$ 416,212	$ 0

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 1998

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wells Real Estate Investment Trust, Inc. (the "Company") is a Maryland corporation that qualifies as a real estate investment trust ("REIT"). The Company is conducting an offering for the sale of a maximum of 40,000,000 (exclusive of 2,200,000 shares available pursuant to the Company's dividend reinvestment plan) shares of common stock, $.01 par value per share, at a price of $10 per share. The Company will seek to acquire and operate commercial properties, including, but not limited to, office buildings, shopping centers, business and industrial parks, and other commercial and industrial properties, including properties which are under construction, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed, and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection with this, the Company may enter into joint ventures for the acquisition of properties with prior or future real estate limited partnership programs sponsored by Wells Capital, Inc. (the "Advisor") or its affiliates.

Substantially all of the Company's business is conducted through Wells Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership. During 1997, the Operating Partnership issued 20,000 limited partner units to the Advisor in exchange for $200,000. The Company is the sole general partner in the Operating Partnership and possesses full legal control and authority over the operations of the Operating Partnership; consequently, the accompanying consolidated financial statements of the Company include the amounts of the Operating Partnership.

The Operating Partnership owns the following properties directly: (i) the PriceWaterhouseCoopers property (the "PwC Building"), a four-story office building located in Tampa, Florida; (ii) the AT&T Building, a four-story office building located in Harrisburg, Pennsylvania; (iii) the Marconi Data Systems property (the "Marconi Building"), a two-story office building located in Wood Dale, Illinois; and (iv) the Cinemark Building, a five-story office building located in Plano, Texas.

The Company also owns interests in several properties through a joint venture among the Operating Partnership, Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), Wells Real Estate Fund X, L.P. ("Wells Fund X"), and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"). This joint venture is referred to as the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("Fund IX, X, XI, and REIT Joint Venture"). In addition, the Company owns an interest in several properties through a joint venture between Wells Fund XI, Wells Real Estate Fund XII, L.P.

("Wells Fund XII"), and the Operating Partnership, which is referred to as Wells Fund XI, XII and REIT Joint Venture. The Company owns two properties through a joint venture between the Operating Partnership and Fund X and XI Associates, a joint venture between Wells Fund X and Wells Fund XI.

Through its investment in the Fund IX, X, XI, and REIT Joint Venture, the Company owns interests in the following properties: (i) a three-story office building in Knoxville, Tennessee (the "ABB Building"), (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"), (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"), (iv) a one-story warehouse facility in Ogden, Utah (the "Iomega Building"), and (v) a one-story office building in Oklahoma City, Oklahoma (the "Lucent Technologies Building").

The following properties are owned by the Company through its investment in a joint venture with Fund X and XI Associates: (i) a one-story office and warehouse building in Fountain Valley, California (the "Cort Furniture

Building") owned by Wells/Orange County Associates and (ii) a warehouse and office building in Fremont, California (the "Fairchild Building") owned by Wells/Fremont Associates.

Through its investment in the Wells Fund XI, XII, and REIT Joint Venture, the Company owns interests in the following properties: (i) a two-story manufacturing and office building in Greenville County, South Carolina (the "EYBL CarTex Building"), (ii) a three-story office building Leawood, Kansas (the "Sprint Building"), (iii) an office and warehouse building in Chester County, Pennsylvania (the "Johnson Matthey Building"), and (iv) a two-story office building in Ft. Myers, Florida (the "Gartner Building").

Use of Estimates and Factors Affecting the Company

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The carrying values of real estate are based on management's current intent to hold the real estate assets as long-term investments. The success of the Company's future operations and the ability to realize the investment in its assets will be dependent on the Company's ability to maintain rental rates, occupancy, and an appropriate level of operating expenses in future years. Management believes that the steps it is taking will enable the Company to realize its investment in its assets.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year ended December 31, 1998. As a result, the Company generally will not be subject to federal income taxation at the corporate level to the extent it distributes annually at least 95% of its REIT taxable income, as defined in the Code, to its shareholders and satisfies certain other requirements. Additionally, the Operating Partnership is not subject to federal or state income taxes. Accordingly, no provision has been made for federal or state income taxes in the accompanying consolidated financial statements for the years ended December 31, 1999 and 1998.

Real Estate Assets

Real estate assets held by the Company and joint ventures are stated at cost less accumulated depreciation. Major improvements and betterments are capitalized when they extend the useful life of the related asset. All repair and maintenance are expensed as incurred.

Management continually monitors events and changes in circumstances which could

indicate that carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present which indicate that the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets by determining whether the carrying value of such real estate assets will be recovered through the future cash flows expected from the use of the asset and its eventual disposition. Management has determined that there has been no impairment in the carrying value of real estate assets held by the Company or the joint ventures as of December 31, 1999.

Depreciation of building and improvements is calculated using the straight-line method over 25 years. Tenant improvements are amortized over the life of the related lease or the life of the asset, whichever is shorter.

Investment in Joint Ventures

Basis of Presentation. The Operating Partnership does not have control over the operations of the joint ventures; however, it does exercise significant influence. Accordingly, the Operating Partnership's investment in the joint ventures is recorded using the equity method of accounting.

Partners' Distributions and Allocations of Profit and Loss. Cash available for distribution and allocations of profit and loss to the Operating Partnership by the joint ventures are made in accordance with the terms of the individual joint venture agreements. Generally, these items are allocated in proportion to the partners' respective ownership interests. Cash is paid from the joint ventures to the Operating Partnership on a quarterly basis.

Deferred Lease Acquisition Costs. Costs incurred to procure operating leases are capitalized and amortized on a straight-line basis over the terms of the related leases.

Revenue Recognition

All leases on real estate assets held by the Company or the joint ventures are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value, and consist of investments in money market accounts.

Earnings Per Share

Earnings per share is calculated based on the weighted average number of common shares outstanding during each period. The weighted average number of common shares outstanding is identical for basic and fully diluted earnings per share, as there is no dilutive impact created from the Company's stock option plan (Note 10) using the treasury stock method.

2. DEFERRED PROJECT COSTS

The Company paid a percentage of shareholder contributions to the Advisor for acquisition and advisory services. These payments, as stipulated in the prospectus, can be up to 3.5% of shareholder contributions, subject to certain overall limitations contained in the prospectus. Aggregate fees paid through December 31, 1999 were $4,714,880 and amounted to 3.5% of shareholders' contributions received. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the joint ventures or real estate assets. Deferred project costs at December 31, 1999 and 1998 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Organization and offering expenses, to the extent they exceed 3% of gross offering proceeds, will be paid by the Advisor and not by the Company. Organization and offering expenses do not include sales or underwriting commissions but do include such costs as legal and accounting fees, printing costs, and other offering expenses.

As of December 31, 1999, the Advisor paid organization and offering expenses on behalf of the Company in the aggregate amount of $5,005,262, of which the Advisor was reimbursed $4,040,321, which did not exceed the 5% limitation. The unpaid portion of deferred offering costs is $964,941 and is included in due to affiliate in the accompanying balance sheet.

4. RELATED-PARTY TRANSACTIONS

Due from affiliates at December 31, 1999 represents the Operating Partnership's share of the cash to be distributed from its joint venture investments for the fourth quarter of 1999 and 1998 as follows:

	1999	1998
Fund IX, X, XI, and REIT Joint Venture	$ 32,079	$ 38,360
Wells/Orange County Associates	75,953	77,123
Wells/Fremont Associates	152,681	146,862
Fund XI, XII, and REIT	387,641	0
	$648,354	$262,345

The Company entered into a property management agreement with Wells Management Company, Inc. ("Wells Management"), an affiliate of the Advisor. In consideration for supervising the management and leasing of the Operating Partnership's properties, the Operating Partnership will pay Wells Management management and leasing fees equal to the lesser of (a) fees that would be paid to a comparable outside firm, or (b) 4.5% of the gross revenues generally paid over the life of the lease plus a separate competitive fee for the one-time initial lease-up of newly constructed properties generally paid in conjunction with the receipt of the first month's rent. In the case of commercial properties which are leased on a long-term (ten or more years) net lease basis, the maximum property management fee from such leases shall be 1% of the gross revenues generally paid over the life of the leases except for a one-time initial leasing fee of 3% of the gross revenues on each lease payable over the first five full years of the original lease term.

The Operating Partnership's portion of the management and leasing fees and lease acquisition costs paid to Wells Management by the joint ventures was $336,517 for the year ended December 31, 1999.

The Advisor performs certain administrative services for the Operating Partnership, such as accounting and other partnership administration, and incurs the related expenses. Such expenses are allocated among the Operating Partnership and the various Wells Real Estate Funds based on time spent on each fund by individual administrative personnel. In the opinion of management, such allocation is a reasonable basis for allocating such expenses.

The Advisor is a general partner in various Wells Real Estate Funds. As such, there may exist conflicts of interest where the Advisor, while serving in the capacity as general partner for Wells Real Estate Funds, may be in competition with the Operating Partnership for tenants in similar geographic markets.

5. INVESTMENT IN JOINT VENTURES

The Operating Partnership's investment and percentage ownership in joint ventures at December 31, 1999 and 1998 are summarized as follows:

	1999		1998	
	Amount	Percent	Amount	Percent
Fund IX, X, XI, and REIT Joint Venture	$ 1,388,884	4%	$ 1,443,378	4%
Wells/Orange County Associates	2,893,112	44	2,958,617	44
Wells/Fremont Associates	6,988,210	78	7,166,682	78
Fund XI, XII, and REIT Joint Venture	18,160,970	57	0	0
	$29,431,176		$11,568,677	

The following is a rollforward of the Operating Partnership's investment in joint ventures for the years ended December 31, 1999 and 1998:

	1999	1998
Investment in joint ventures, beginning of year	$11,568,677	$ 0
Equity in income of joint ventures	1,243,969	263,315
Contributions to joint ventures	18,376,267	11,745,890
Distributions from joint ventures	(1,757,737)	(440,528)
Investment in joint ventures, end of year	$29,431,176	$11,568,677

Fund IX, X, XI, and REIT Joint Venture

On March 20, 1997, Wells Fund IX and Wells Fund X entered into a joint venture agreement. The joint venture, Fund IX and X Associates, was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Wells Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the ABB Building, to the Fund IX and X Associates joint venture. A 83,885-square-foot, three-story building was constructed and commenced operations at the end of 1997.

On February 13, 1998, the joint venture purchased a two-story office building, known as the Ohmeda Building, in Louisville, Colorado. On March 20, 1998, the joint venture purchased a three-story office building, known as the 360 Interlocken Building, in Broomfield, Colorado. On June 11, 1998, Fund IX and X Associates was amended and restated to admit Wells Fund XI and the Operating Partnership. The joint venture was renamed the Fund IX, X, XI, and REIT Joint Venture. On June 24, 1998, the new joint venture purchased a one-story office building, known as the Lucent Technologies Building, in Oklahoma City, Oklahoma. On April 1, 1998, Wells Fund X purchased a one-story warehouse facility, known as the Iomega Building, in Ogden, Utah. On July 1, 1998, Wells Fund X contributed the Iomega Building to the Fund IX, X, XI, and REIT Joint Venture.

Following are the financial statements for the Fund IX, X, XI, and REIT Joint Venture:

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$ 6,698,020	$ 6,454,213
Building and improvements, less accumulated depreciation of $2,792,068 in 1999 and $1,253,156 in 1998	29,878,541	30,686,845
Construction in progress	0	990
Total real estate assets	36,576,561	37,142,048
Cash and cash equivalents	1,146,874	1,329,457
Accounts receivable	554,965	133,257
Prepaid expenses and other assets	526,409	441,128
Total assets	$38,804,809	$39,045,890
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Accounts payable	$ 704,914	$ 409,737
Due to affiliates	6,379	4,406
Partnership distributions payable	804,734	1,000,127
Total liabilities	1,516,027	1,414,270
Partners' capital:		
Wells Real Estate Fund IX	14,590,626	14,960,100
Wells Real Estate Fund X	18,000,869	18,707,139
Wells Real Estate Fund XI	3,308,403	2,521,003
Wells Operating Partnership, L.P.	1,388,884	1,443,378
Total partners' capital	37,288,782	37,631,620
Total liabilities and partners' capital	$38,804,809	$39,045,890

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income (Loss)
for the Years Ended December 31, 1999, 1998, and 1997

	1999	1998	1997
Revenues:			
Rental income	$3,932,962	$2,945,980	$ 28,512
Interest income	120,080	20,438	0
	4,053,042	2,966,418	28,512
Expenses:			
Depreciation	1,538,912	1,216,293	36,863
Management and leasing fees	286,139	226,643	1,711
Operating costs, net of reimbursements	(43,501)	(140,506)	10,118
Property administration expense	63,311	34,821	0
Legal and accounting	35,937	15,351	0
	1,880,798	1,352,602	48,692
Net income (loss)	$2,172,244	$1,613,816	$(20,180)
Net income (loss) allocated to Wells Real Estate Fund IX	$ 850,072	$ 692,116	$(10,145)
Net income (loss) allocated to Wells Real Estate Fund X	$1,056,316	$ 787,481	$(10,035)
Net income (loss) allocated to Wells Real Estate Fund XI	$ 184,335	$ 85,352	$ 0
Net income allocated to Wells Operating Partnership, L.P.	$ 81,501	$ 48,867	$ 0

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 1999, 1998, and 1997

	Wells Real Estate Fund IX	Wells Real Estate Fund X	Wells Real Estate Fund XI	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1996	$ 0	$ 0	$ 0	$ 0	$ 0
Net loss	(10,145)	(10,035)	0	0	(20,180)
Partnership contributions	3,712,938	3,672,838	0	0	7,385,776
Balance, December 31, 1997	3,702,793	3,662,803	0	0	7,365,596
Net income	692,116	787,481	85,352	48,867	1,613,816
Partnership contributions	11,771,312	15,613,477	2,586,262	1,480,741	31,451,792
Partnership distributions	(1,206,121)	(1,356,622)	(150,611)	(86,230)	(2,799,584)
Balance, December 31, 1998	14,960,100	18,707,139	2,521,003	1,443,378	37,631,620
Net income	850,072	1,056,316	184,355	81,501	2,172,244
Partnership contributions	198,989	0	911,027	0	1,110,016
Partnership distributions	(1,418,535)	(1,762,586)	(307,982)	(135,995)	(3,625,098)
Balance, December 31, 1999	$14,590,626	$18,000,869	$3,308,403	$1,388,884	$37,288,782

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 1999, 1998, and 1997

	1999	1998	1997
Cash flows from operating activities:			
Net income (loss)	$ 2,172,244	$ 1,613,816	$ (20,180)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,538,912	1,216,293	36,863
Changes in assets and liabilities:			
Accounts receivable	(421,708)	(92,745)	(40,512)
Prepaid expenses and other assets	(85,281)	(111,818)	(329,310)
Accounts payable	295,177	29,967	379,770
Due to affiliates	1,973	1,927	2,479
Total adjustments	1,329,073	1,043,624	49,290
Net cash provided by operating activities	3,501,317	2,657,440	29,110
Cash flows from investing activities:			
Investment in real estate	(930,401)	(24,788,070)	(5,715,847)
Cash flows from financing activities:			
Distributions to joint venture partners	(3,820,491)	(1,799,457)	0
Contributions received from partners	1,066,992	24,970,373	5,975,908
Net cash (used in) provided by financing activities	(2,753,499)	23,170,916	5,975,908
Net (decrease) increase in cash and cash equivalents	(182,583)	1,040,286	289,171
Cash and cash equivalents, beginning of year	1,329,457	289,171	0
Cash and cash equivalents, end of year	$ 1,146,874	$ 1,329,457	$ 289,171
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 43,024	$ 1,470,780	$ 318,981
Contribution of real estate assets to joint venture	$ 0	$ 5,010,639	$ 1,090,887

Wells/Orange County Associates

On July 27, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Orange County Associates. On July 31, 1998, Wells/Orange County Associates acquired a 52,000-square-foot warehouse and office building located in Fountain Valley, California, known as the Cort Furniture Building.

On September 1, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Orange County Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Cort Furniture Building.

Following are the financial statements for Wells/Orange County Associates:

Wells/Orange County Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$2,187,501	$2,187,501
Building, less accumulated depreciation of $278,652 in 1999 and $92,087 in 1998	4,385,463	4,572,028
Total real estate assets	6,572,964	6,759,529
Cash and cash equivalents	176,666	180,895
Accounts receivable	49,679	13,123
Total assets	$6,799,309	$6,953,547

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:		
Accounts payable	$ 0	$ 1,550
Partnership distributions payable	173,935	176,614
Total liabilities	173,935	178,164
Partners' capital:		
Wells Operating Partnership, L.P.	2,893,112	2,958,617
Fund X and XI Associates	3,732,262	3,816,766
Total partners' capital	6,625,374	6,775,383
Total liabilities and partners' capital	$6,799,309	$6,953,547

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 1999 and 1998

	1999	1998
Revenues:		
Rental income	$795,545	$331,477
Interest income	0	448
	795,545	331,925
Expenses:		
Depreciation	186,565	92,087
Management and leasing fees	30,360	12,734
Operating costs, net of reimbursements	22,229	2,288
Interest	0	29,472
Legal and accounting	5,439	3,930
	244,593	140,511
Net income	$550,952	$191,414
Net income allocated to Wells Operating Partnership, L.P.	$240,585	$ 91,978

Net income allocated to Fund X and XI Associates	$310,367	$ 99,436

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 1999 and 1998

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	91,978	99,436	191,414
Partnership contributions	2,991,074	3,863,272	6,854,346
Partnership distributions	(124,435)	(145,942)	(270,377)
Balance, December 31, 1998	2,958,617	3,816,766	6,775,383
Net income	240,585	310,367	550,952
Partnership distributions	(306,090)	(394,871)	(700,961)
Balance, December 31, 1999	$2,893,112	$3,732,262	$6,625,374

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Net income	$ 550,952	$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	186,565	92,087
Changes in assets and liabilities:		
Accounts receivable	(36,556)	(13,123)
Accounts payable	(1,550)	1,550
Total adjustments	148,459	80,514
Net cash provided by operating activities	699,411	271,928
Cash flows from investing activities:		
Investment in real estate	0	(6,563,700)
Cash flows from financing activities:		
Issuance of note payable	0	4,875,000
Payment of note payable	0	(4,875,000)
Distributions to partners	(703,640)	(93,763)
Contributions received from partners	0	6,566,430
Net cash (used in) provided by financing activities	(703,640)	6,472,667
Net (decrease) increase in cash and cash equivalents	(4,229)	180,895
Cash and cash equivalents, beginning of year	180,895	0
Cash and cash equivalents, end of year	$ 176,666	$ 180,895
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 287,916

Wells/Fremont Associates

On July 15, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Fremont Associates. On July 21, 1998, Wells/Fremont Associates acquired a 58,424-square-foot warehouse and office building located in Fremont, California, known as the Fairchild Building.

On October 8, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Fremont Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Fairchild Building.

Following are the financial statements for Wells/Fremont Associates:

Wells/Fremont Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 1999 and 1998

ASSETS

	1999	1998
Real estate assets, at cost:		
Land	$2,219,251	$2,219,251
Building, less accumulated depreciation of $428,246 in 1999 and $142,720 in 1998	6,709,912	6,995,439
Total real estate assets	8,929,163	9,214,690
Cash and cash equivalents	189,012	192,512
Accounts receivable	92,979	34,742
Total assets	$9,211,154	$9,441,944

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:		
Accounts payable	$ 2,015	$ 3,565
Due to affiliate	5,579	2,052
Partnership distributions payable	186,997	189,490
Total liabilities	194,591	195,107
Partners' capital:		
Wells Operating Partnership, L.P.	6,988,210	7,166,682
Fund X and XI Associates	2,028,353	2,080,155
Total partners' capital	9,016,563	9,246,837
Total liabilities and partners' capital	$9,211,154	$9,441,944

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 1999 and 1998

	1999	1998
Revenues:		
Rental income	$902,946	$401,058
Interest income	0	3,896
	902,946	404,954
Expenses:		
Depreciation	285,526	142,720
Management and leasing fees	37,355	16,726
Operating costs, net of reimbursements	16,006	3,364
Interest	0	73,919
Legal and accounting	4,885	6,306
	343,772	243,035
Net income	$559,174	$161,919
Net income allocated to Wells Operating Partnership, L.P.	$433,383	$122,470
Net income allocated to Fund X and XI Associates	$125,791	$ 39,449

(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 1999 and 1998

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	122,470	39,449	161,919
Partner contributions	7,274,075	2,083,334	9,357,409
Partnership distributions	(229,863)	(42,628)	(272,491)
Balance, December 31, 1998	7,166,682	2,080,155	9,246,837
Net income	433,383	125,791	559,174
Partnership distributions	(611,855)	(177,593)	(789,448)
Balance, December 31, 1999	$6,988,210	$2,028,353	$9,016,563

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Net income	$ 559,174	$ 161,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	285,526	142,720
Changes in assets and liabilities:		
Accounts receivable	(58,237)	(34,742)
Accounts payable	(1,550)	3,565
Due to affiliate	3,527	2,052
Total adjustments	229,266	113,595
Net cash provided by operating activities	788,440	275,514
Cash flows from investing activities:		
Investment in real estate	0	(8,983,111)
Cash flows from financing activities:		
Issuance of note payable	0	5,960,000
Payment of note payable	0	(5,960,000)
Distributions to partners	(791,940)	(83,001)
Contributions received from partners	0	8,983,110
Net cash (used in) provided by financing activities	(791,940)	8,900,109
Net (decrease) increase in cash and cash equivalents	(3,500)	192,512
Cash and cash equivalents, beginning of year	192,512	0
Cash and cash equivalents, end of year	$ 189,012	$ 192,512
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 374,299

Fund XI, XII, and REIT Joint Venture

On May 1, 1999, the Operating Partnership entered into a joint venture with Wells Fund XII and Wells Fund XI. On May 18, 1999, the joint venture purchased a 169,510-square-foot, two-story manufacturing and office building, known as EYBL CarTex, in Fountain Inn, South Carolina. On July 21, 1999, the joint venture purchased a 68,900 square-foot, three-story-office building, known as the Sprint Building, in Leawood, Kansas. On August 17, 1999, the joint venture purchased a

130,000 square-foot office and warehouse building, known as the Johnson Matthey Building, in Chester County, Pennsylvania. On September 20, 1999, the joint venture purchased a 62,400 square-foot, two-story office building, known as the Gartner Building, in Fort Myers, Florida.

Following are the financial statements for the Fund XI, XII, and REIT Joint Venture:

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 1999

ASSETS

Real estate assets, at cost:	
Land	$ 5,048,797
Building and improvements, less accumulated depreciation of $506,582	26,811,869
Total real estate assets	31,860,666
Cash and cash equivalents	766,278
Accounts receivable	133,777
Prepaid assets and other expenses	26,486
Total assets	$32,787,207

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:	
Accounts payable	$ 112,457
Partnership distributions payable	680,294
Total liabilities	792,751
Partners' capital:	
Wells Real Estate Fund XI	8,365,852
Wells Real Estate Fund XII	5,467,634
Wells Operating Partnership, L.P.	18,160,970
Total partners' capital	31,994,456
Total liabilities and partners' capital	$32,787,207

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Income
for the Year Ended December 31, 1999

Revenues:	
Rental income	$1,443,446
Other income	57
	1,443,503
Expenses:	
Depreciation	506,582
Management and leasing fees	59,230
Operating costs, net of reimbursements	6,433
Property administration	14,185
Legal and accounting	4,000
	590,430
Net income	$ 853,073
Net income allocated to Wells Real Estate Fund XI	$ 240,031
Net income allocated to Wells Real Estate Fund XII	$ 124,542

Net income allocated to Wells Operating Partnership, L.P.	$ 488,500

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Year Ended December 31, 1999

	Wells Real Estate Fund XI	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1998	$ 0	$ 0	$ 0	$ 0
Net income	240,031	124,542	488,500	853,073
Partnership contributions	8,470,160	5,520,835	18,376,267	32,367,262
Partnership distributions	(344,339)	(177,743)	(703,797)	(1,225,879)
Balance, December 31, 1999	$8,365,852	$5,467,634	$18,160,970	$31,994,456

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows
for the Year Ended December 31, 1999

Cash flows from operating activities:	
Net income	$ 853,073
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	506,582
Changes in assets and liabilities:	
Accounts receivable	(133,777)
Prepaid expenses and other assets	(26,486)
Accounts payable	112,457
Total adjustments	458,776
Net cash provided by operating activities	1,311,849
Cash flows from financing activities:	
Distributions to joint venture partners	(545,571)
Net increase in cash and cash equivalents	766,278
Cash and cash equivalents, beginning of year	0
Cash and cash equivalents, end of year	$ 766,278
Supplemental disclosure of noncash activities:	
Deferred project costs contributed to joint venture	$ 1,294,686
Contribution of real estate assets to joint venture	$31,072,562

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the years ended December 31, 1999 and 1998 are calculated as follows:

	1999	1998
Financial statement net income	$3,884,649	$ 334,034
Increase (decrease) in net income resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	949,631	82,618
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(789,599)	(35,427)
Expenses deductible when paid for income tax purposes, accrued for		

financial reporting purposes	49,906	1,634
Income tax basis net income	$4,094,587	$ 382,859

The Operating Partnership's income tax basis partners' capital at December 31, 1999 and 1998 is computed as follows:

	1999	1998
Financial statement partners' capital	$116,015,595	$27,421,687
Increase (decrease) in partners' capital resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	1,032,249	82,618
Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	12,896,312	3,942,545
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(825,026)	(35,427)
Accumulated expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	51,540	1,634
Dividends payable	2,166,701	408,176
Income tax basis partners' capital	$131,337,371	$31,821,233

7. RENTAL INCOME

The future minimum rental income due from the Operating Partnership's direct investment in real estate or its respective ownership interest in the joint ventures under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 11,737,408
2001	11,976,253
2002	12,714,291
2003	12,856,557
2004	12,581,882
Thereafter	54,304,092
	$116,170,483

Three tenants contributed 32%, 16%, and 15% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute 34%, 20%, 17%, and 11% of future minimum rental income.

The future minimum rental income due the Fund IX, X, XI, and REIT Joint Venture under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 3,666,570
2001	3,595,686
2002	3,179,827
2003	3,239,080
2004	3,048,152
Thereafter	5,181,003
	$21,910,318

Four tenants contributed 25%, 18%, 13%, and 12% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute 28%, 22%, 15%, and 10% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 758,964
2001	809,580
2002	834,888
2003	695,740
	$3,099,172

One tenant contributed 100% of rental income for the year ended December 31, 1999 and will contribute 100% of future minimum rental income.

The future minimum rental income due Wells/Fremont Associates under noncancelable operating leases at December 31, 1999 is as follows:

Year ended December 31:	
2000	$ 869,492
2001	895,577
2002	922,444
2003	950,118
2004	894,833
	$4,532,464

One tenant contributed 100% of rental income for the year ended December 31, 1999 and will contribute 100% of future minimum rental income.

The future minimum rental income due from XI, XII and REIT under noncancelable operating leases at December 31, 1999 is a follows:

Year ended December 31:	
2000	$ 3,085,362
2001	3,135,490
2002	3,273,814
2003	3,367,231
2004	3,440,259
Thereafter	9,708,895
	$26,011,051

Four tenants contributed approximately 34%, 22%, 22%, and 12% of rental income for the year ended December 31, 1999. In addition, four tenants will contribute approximately 30%, 27%, 22%, and 18% of future minimum rental income.

8. NOTES PAYABLE

At December 31, 1999, the Operating Partnership had outstanding debt of $23,929,228. Of this amount, $11,430,696 was borrowed under a construction loan with Bank of America in order to finance the construction of a new building for Matsushita Avionics (the "Matsushita Project") and improvements for the AT&T Building. This loan is secured by the Matsushita Project and matures on May 10, 2001. The remaining $12,498,532 was borrowed against the revolving line of credit from SouthTrust Bank, which is collateralized by the PwC Building and matures on December 31, 2000. Interest is paid monthly and accrued at a variable rate based on LIBOR plus 200 basis points for both of these debt instruments. During 1999, the Company paid and capitalized interest costs of $847,451 and $463,873, respectively. The estimated fair value of these notes approximates their carrying value.

The Operating Partnership also has a $9,825,000 line of credit from Bank of America, which bears interest at a variable rate based on LIBOR plus 200 basis points. No balance was outstanding at December 31, 1999 under this line of

credit.

9. COMMITMENTS AND CONTINGENCIES

On February 18, 1999, the Operating Partnership entered into a rental income guaranty agreement with Fund VIII and IX Associates (the "joint venture"), whereby the Operating Partnership guaranteed that the joint venture would receive rental income on the existing Matsushita Building, equal to at least the rent and building expenses that the joint venture would have received from Matsushita Avionics over the remaining term of the existing lease. Matsushita Avionics vacated the building on January 3, 2000, while the existing lease term extends through September 2003. The Company paid approximately $61,000 to the joint venture related to the rental income and building expenses due from Matsushita Avionics for the remainder of January 2000. Such payments are made from the Company's operating cash flow and reduce cash available for dividends.

On July 22, 1999, the Operating Partnership purchased a 7.49 acre tract of land located in Midlothian, Chesterfield County, Virginia for the purpose of constructing a four-story, 100,000 rentable square foot office building (the "ABB Project"). The Operating Partnership entered into an office lease with ABB Power Generation, Inc. ("ABB"), pursuant to which ABB has agreed to lease the ABB Project upon its completion.

Management, after consultation with legal counsel, is not aware of any significant litigation or claims against the Company, the Operating Partnership, or the Advisor. In the normal course of business, the Company, the Operating Partnership, or the Advisor may become subject to such litigation or claims.

10. COMMON STOCK OPTION PLAN

The Wells Real Estate Investment Trust, Inc. Independent Director Stock Option Plan ("the Plan") provides for grants of stock to be made to independent nonemployee directors of the Company. Options to purchase 2,500 shares of common stock at $12 per share are granted upon initially becoming an independent director of the Company. Of these shares, 20% are exercisable immediately on the date of grant. An additional 20% of these shares become exercisable on each anniversary following the date of grant for a period of four years. Effective on the date of each annual meeting of shareholders of the Company, beginning in 2000, each independent director will be granted an option to purchase 1,000 additional shares of common stock. These options vest at the rate of 500 shares per full year of service thereafter. All options granted under the Plan expire no later than the date immediately following the tenth anniversary of the date of grant and may expire sooner in the event of the disability or death of the optionee or if the optionee ceases to serve as a director.

The Company has adopted the disclosure provisions in SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by the provisions of SFAS No. 123, the Company applies Accounting Principles Board ("APB") Opinion No. 25 and the related interpretations in accounting for its stock option plans and, accordingly, does not recognize compensation cost.

A summary of the Company's stock option activity during 1999 is as follows:

	Number	Exercise Price
Outstanding at December 31, 1998	0	$ 0
Granted	27,500	12
Outstanding at December 31, 1999	27,500	$12
Outstanding options exercisable as of December 31, 1999	5,500	$12

The weighted average remaining contractual life of options outstanding at December 31, 1999 is approximately 9.5 years. Based on the terms of the options, the fair value of the options granted during 1999 is $0.

11. QUARTERLY RESULTS (UNAUDITED)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 1999 and 1998:

	1999 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$988,000	$1,204,938	$1,803,352	$2,499,105
Net income	393,438	601,975	1,277,019	1,612,217
Basic and diluted earnings per share	$ 0.10	$ 0.09	$ 0.18	$ 0.13
Dividends per share	0.17	0.17	0.18	0.18

	1998 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$ 0	$10,917	$73,292	$310,969
Net income	0	10,899	62,128	261,007
Basic and diluted earnings per share	$0.00	$ 0.16	$ 0.06	$ 0.18
Dividends per share	0.00	0.00	0.15	0.16

WELLS REAL ESTATE INVESTMENT TRUST, INC.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2000	December 31, 1999
REAL ESTATE, at cost:		
Land	$ 21,695,304	$ 14,500,822
Building and improvements, less accumulated depreciation of $6,810,792 in 2000 and $1,726,103 in 1999	188,671,038	81,507,040
Construction in progress	295,517	12,561,459
Total real estate	210,661,859	108,569,321
INVESTMENT IN JOINT VENTURES (NOTE 2)	36,708,242	29,431,176
DUE FROM AFFILIATES	859,515	648,354
CASH AND CASH EQUIVALENTS	12,257,161	2,929,804
DEFERRED PROJECT COSTS (Note 1)	471,005	28,093
DEFERRED OFFERING COSTS (Note 1)	1,108,206	964,941
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	1,280,601
Total assets	$268,410,893	$143,852,290

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:		
Accounts payable and accrued expenses	$ 975,821	$ 461,300
Notes payable (Note 3)	38,909,030	23,929,228
Due to affiliates (Note 4)	1,372,508	1,079,466
Dividends payable	4,475,982	2,166,701
Total liabilities	45,733,341	27,636,695
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 40,000,000 shares authorized, 26,174,825 shares issued and outstanding at September 30, 2000 and 13,471,085 shares issued and outstanding at December 31, 1999	261,748	134,710
Additional paid-in capital	222,215,804	115,880,885

Retained earnings	0	0
Total shareholders' equity	222,477,552	116,015,595
Total liabilities and shareholders' equity	$268,410,893	$143,852,290

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	September 30, 2000	September 30, 1999	September 30, 2000	September 30, 1999
REVENUES:				
Rental income	$5,819,968	$1,227,144	$13,712,371	$2,806,158
Equity in income of joint ventures	635,065	384,887	1,684,247	783,065
Interest income	131,578	191,321	338,020	407,067
	6,586,611	1,803,352	15,734,638	3,996,290
EXPENSES:				
Operating costs, net of reimbursements	289,140	(75,997)	631,407	(46,381)
Management and leasing fees	381,766	68,823	919,630	150,908
Depreciation	2,155,366	423,760	5,084,689	1,036,003
Administrative costs	41,626	21,076	273,484	91,016
Legal and accounting	32,883	22,187	130,603	78,637
Computer costs	2,353	2,119	8,846	8,182
Amortization of loan costs	64,016	2,433	150,143	6,488
Interest expense	1,094,233	61,932	2,798,299	399,005
	4,061,383	526,333	9,997,101	1,723,858
NET INCOME	$2,525,228	$1,277,019	$5,737,537	$2,272,432
BASIC AND DILUTED EARNINGS PER SHARE	$ 0.11	$ 0.18	$ 0.30	$ 0.37

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1999

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	Common Stock		Additional Paid-In	Retained	Total Shareholders'
	Shares	Amount	Capital	Earnings	Equity
BALANCE, December 31, 1998	3,154,136	$ 31,541	$ 27,056,112	$ 334,034	$ 27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	103,169,490
Net income	0	0	0	3,884,649	3,884,649
Dividends ($.70 per share)	0	0	(1,346,240)	(4,218,683)	(5,564,923)
Sales commission	0	0	(9,801,197)	0	(9,801,197)
Other offering expenses	0	0	(3,094,111)	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	134,710	115,880,885	0	116,015,595
Issuance of common stock	12,769,524	127,695	127,567,548	0	127,695,243
Net income	0	0	0	5,737,537	5,737,537

Dividends ($.544 per share)	0	0	(4,695,767)	(5,737,537)	(10,433,304)
Sales commission	0	0	(12,068,553)	0	(12,068,553)
Other offering expenses	0	0	(3,811,122)	0	(3,811,122)
Common stock retired	(65,784)	(657)	(657,187)	0	(657,844)
BALANCE, September 30, 2000	26,174,825	$ 261,748	$ 222,215,804	$ 0	$ 222,477,552

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	September 30, 2000	September 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 5,737,537	$ 2,272,432
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,084,689	1,036,003
Amortization of loan costs	150,143	6,488
Equity in income of joint ventures	(1,684,247)	(783,065)
Changes in assets and liabilities:		
Accounts payable	514,521	326,166
Increase in prepaid expenses and other assets	(5,214,447)	(667,823)
Increase due to affiliates	149,777	82,901
Net cash provided by operating activities	4,737,973	2,273,102
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(103,469,511)	(55,913,594)
Investment in joint ventures	(7,612,005)	(17,641,421)
Deferred project costs	(4,446,307)	(2,692,478)
Distributions received from joint ventures	2,103,704	826,822
Net cash used in investing activities	(113,424,119)	(75,420,671)
Cash flows from financing activities:		
Proceeds from note payable	67,883,130	25,598,666
Repayment of note payable	(52,903,328)	(22,732,539)
Dividends paid	(8,124,023)	(2,159,649)
Issuance of common stock	127,695,243	76,927,944
Sales commissions paid	(12,068,553)	(7,308,155)
Offering costs paid	(3,811,122)	(2,307,838)
Common stock retired	(657,844)	0
Net cash provided by financing activities	118,013,503	68,018,429
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,327,357	(5,129,140)
CASH AND CASH EQUIVALENTS, beginning of year	2,929,804	7,979,403
CASH AND CASH EQUIVALENTS, end of period	$ 12,257,161	$ 2,850,263
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Deferred project costs applied to joint ventures	$ 295,680	$ 735,056
Deferred project costs applied to real estate	$ 3,707,715	$ 2,273,411
Decrease in deferred offering cost accrual	$ (143,265)	$ (200,640)

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Wells Real Estate Investment Trust, Inc. (the "Company" or "Registrant") is a Maryland corporation formed on July 3, 1997. The Company is the sole general partner of Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized for the purpose of acquiring, developing, owning, operating, improving, leasing, and otherwise managing for investment purposes income-producing commercial properties.

On January 30, 1998, the Company commenced a public offering of up to 16,500,000 shares of common stock at $10 per share pursuant to a Registration Statement on Form S-11 under the Securities Act of 1933. The Company commenced active operations on June 5, 1998, when it received and accepted subscriptions for 125,000 shares. The Company terminated its initial public offering on December 19, 1999, and on December 20, 1999, the Company commenced a second follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. As of September 30, 2000, the Company had sold 26,240,610 shares for total capital contributions of $262,406,096. After payment of $9,161,189 in acquisition and advisory fees and acquisition expenses, payment of $32,718,532 in selling commissions and organization and offering expenses, capital contributions and acquisition expenditures by Wells OP of $211,641,497 in property acquisitions and common stock redemptions of $657,844 pursuant to the Company's share redemption program, the Company was holding net offering proceeds of $8,227,034 available for investment in properties. An additional $38,909,030 was spent for acquisition expenditures and was funded by loans from various lending institutes.

Wells OP owns interest in properties both directly and through equity ownership in the following joint ventures: (i) the Fund IX-X-XI-REIT Joint Venture, a joint venture among Wells OP and Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. (the "Fund IX-X-XI-REIT Joint Venture"), (ii) Wells/Fremont Associates (the "Fremont Joint Venture"), a joint venture between Wells OP and Fund X and Fund XI Associates, which is a joint venture between Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P. (the "Fund X-XI Joint Venture"), (iii) Wells/Orange County Associates (the "Cort Joint Venture") a joint venture between Wells OP and the Fund X-XI Joint Venture, (iv) the Fund XI-XII-REIT Joint Venture, a joint venture among Wells OP, Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P. (the "Fund XI-XIII-REIT Joint Venture"), (v) the Fund XII-REIT Joint Venture, a joint venture between Wells OP and Wells Real Estate Fund XII, L.P. (the "Fund XII-REIT Joint Venture"), and (vi) the Fund VIII-IX-REIT Joint Venture, a joint venture between Wells OP and the Fund VIII-IX Joint Venture.

As of September 30, 2000, Wells OP owned interest in the following properties either directly or through its interests in joint ventures: (i) a three-story office building in Knoxville, Tennessee (the "ABB-Knoxville Building"); (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"); (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"); (iv) a one-story office building in Oklahoma City, Oklahoma (the "AVAYA Building"); (v) a one-story warehouse and office building in Ogden, Utah (the "Iomega Building"), all five of which are owned by the Fund IX-X-XI-REIT Joint Venture; (vi) a two-story warehouse office building in Fremont, California (the "Fremont Building"), which is owned by the Fremont Joint Venture; (vii) a one-story warehouse and office building in Fountain Valley, California (the "Cort Building"), which is owned by the Cort Joint Venture; (viii) a four-story office building in Tampa, Florida (the "PWC Building"); (ix) a four-story office building in Harrisburg, Pennsylvania (the "AT&T Building"), which are owned directly by Wells OP; (x) a two-story manufacturing and office building located in Fountain Inn, South Carolina (the "EYBL

CarTex Building"); (xi) a three-story office building located in Leawood, Kansas (the "Sprint Building"); (xii) a one story office building and warehouse in Tredyffrin Township, Pennsylvania (the "Johnson Matthey Building"); (xiii) a two-story office building in Ft. Meyers, Florida (the "Gartner Building"), all four of which are owned by Fund XI-XII-REIT Joint Venture; (xiv) a two-story

office building located in Lake Forest, California (the "Matsushita Project"); (xv) a four-story office building in Richmond, Virginia (the "Alstom Power-Richmond Building"); (xvi) a two-story office building and warehouse in Wood Dale, Illinois (the "Marconi Building"); (xvii) a five-story office building in Plano, Texas (the "Cinemark Building"); (xviii) a three-story office building in Tulsa, Oklahoma (the "Metris Building"); (xix) a two-story office building in Scottsdale, Arizona (the "Dial Building"); (xx) a two-story office building in Tempe, Arizona (the "ASML Building"); (xxi) a two-story office building in Tempe, Arizona (the "Motorola Building"); (xxii) a two-story office building in Tempe, Arizona (the "Avnet Building"); (xxiii) a three-story office building in Troy, Michigan (the "Delphi Building"); all ten of which are owned directly by Wells OP; (xxiv) a three-story office building in Troy, Michigan (the "Siemens Building"), which is owned by the Fund XII-REIT Joint Venture; and (xxv) a two-story office building in Orange County, California (the "Quest Building"), formerly the Bake Parkway Building, previously owned by Fund VIII-IX Joint Venture, which is now owned by the Fund VIII-IX-REIT Joint Venture.

(b) Deferred Project Costs

The Company pays Acquisition and Advisory Fees and Acquisition Expenses to Wells Capital, Inc., the Advisor, for acquisition and advisory services and as reimbursement for acquisition expenses. These payments may not exceed 3 1/2% of shareholders' capital contributions. Acquisition and Advisory Fees and Acquisition Expenses paid as of September 30, 2000, amounted to $9,161,189 and represented approximately 3 1/2% of shareholders' capital contributions received. These fees are allocated to specific properties as they are purchased.

(c) Deferred Offering Costs

The Advisor pays all the offering expenses for the Company. The Advisor may be reimbursed by the Company to the extent that such offering expenses do not exceed 3% of shareholders' capital contributions.

(d) Employees

The Company has no direct employees. The employees of Wells Capital, Inc., the Company's Advisor, perform a full range of real estate services including leasing and property management, accounting, asset management and investor relations for the Company.

(e) Insurance

Wells Management Company, Inc., an affiliate of the Company and the Advisor, carries comprehensive liability and extended coverage with respect to all the properties owned directly and indirectly by the Company. In the opinion of management of the registrant, the properties are adequately insured.

(f) Competition

The Company will experience competition for tenants from owners and managers of competing projects which may include its affiliates. As a result, the Company may be required to provide free rent; reduced charges for tenant improvements and other inducements, all of which may have an adverse impact on results of operations. At the time the Company elects to dispose of its properties, the Company will also be in competition with sellers of similar properties to locate suitable purchasers for its properties.

(g) Basis of Presentation

Substantially all of the Company's business is conducted through Wells OP. At December 31, 1997, the Wells OP had issued 20,000 limited partner units to Wells Capital, Inc., the Advisor, in exchange for a capital contribution of $200,000. The Company is the sole general partner in Wells OP; consequently, the accompanying consolidated financial statements of the Company include the amounts of both the Company and Wells OP.

The consolidated financial statements of the Company have been prepared in accordance with instructions to Form 10-Q and do not include all of the

information and footnotes required by generally accepted accounting principles for complete financial statements. These quarterly statements have not been examined by independent accountants, but in the opinion of the Board of Directors, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary to present a fair presentation of the results for such periods. For further information, refer to the financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 1999.

(h) Distribution Policy

The Company will make distributions (not including a return of capital for federal income tax purposes) equal to at least 95% of its real estate investment trusts taxable income through the taxable year 2000. It is the Company's policy to make regular quarterly distributions to holders of the shares. Distributions will be made to those shareholders who are shareholders as of the record date selected by the Directors. Distributions will be declared on a daily basis and paid on a quarterly basis during the Offering period and declared and paid quarterly thereafter.

(i) Income Taxes

The Company has made an election under Section 856 (C) of the Internal Revenue Code 1986, as amended (the "Code"), to be taxed as a Real Estate Investment Trust ("REIT") under the Code beginning with its taxable year ended December 31, 1998. As a REIT for federal income tax purposes, the Company generally will not be subject to federal income tax on income that it distributes to its shareholders. If the Company fails to qualify as a REIT in any taxable year, it will then be subject to federal income tax on its taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost. Such an event could materially adversely affect the Company's net income and net cash available to distribute to shareholders. However, the Company believes that it is organized and operates in such a manner as to qualify for treatment as a REIT and intends to continue to operate in the foreseeable future in such a manner so that the Company will remain qualified as a REIT for federal income tax purposes.

(j) Statement of Cash Flows

For the purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments.

2. INVESTMENTS IN JOINT VENTURES

The Company owned interests in 25 office buildings through its ownership in Wells OP, which owns interest in six joint ventures. The Company does not have control over the operations of these joint ventures; however, it does exercise significant influence. Accordingly, investment in joint venture is recorded using the equity method.

The following describes additional information about certain of the properties in which the Company owns an interest as of September 30, 2000.

Fund VIII-IX-REIT Joint Venture

On June 15, 2000, the Fund VIII-IX-REIT Joint Venture was formed between Wells OP and Fund VIII and Fund IX Associates, a Georgia joint venture partnership between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P. (the "Fund VIII-IX Joint Venture"). On July 1, 2000, the Fund VIII-IX Joint Venture contributed its interest in the Bake Parkway Building to the Fund VIII-IX-REIT Joint Venture. The Bake Parkway Building is a two-story office building containing approximately 65,006 rentable square feet on a 4.4-acre tract of land in Irvine, California.

A 42-month lease for the entire Bake Parkway Building has been signed by Quest

Software, Inc. Occupancy occurred on August 1, 2000. Quest is a publicly traded corporation that provides software database management and disaster recovery services for its clients.

Construction of tenant improvements required under the Quest lease is anticipated to cost approximately $1,250,000 and will be funded by Wells OP.

The Alstom Power-Richmond Building

On July 24, 2000, the Company completed a build-to-suit project of a 99,057 square-foot, four-story, office building. The Class "A" property is located at 5309 Commonwealth Centre Drive in Richmond, Virginia.

The $11.4 million acquisition is 100% owned by the Company and is leased to Alstom Power, Inc. The tenant has signed a seven-year lease, which commenced on July 24, 2000. Alstom Power is the world's largest power generation group. Formerly ABB Power Generation and Alstom, the two companies merged in December 1999 to form ABB Alstom Power, Inc. and in June 2000 changed its name to Alstom Power, Inc. The group employs 58,000 people in more than 100 countries.

The building is located on 7.49 acres within the Waterford Business Park. The Waterford Park is a 20-acre office park in Chesterfield County.

3. NOTES PAYABLE

Notes payable, as of September 30, 2000, consists of loans of (i) $9,181,877 due to Bank of America secured by a first priority mortgage against the Matsushita Property; (ii) $21,627,153 due to Bank of America secured by first mortgages on the AT&T and Marconi buildings; (iii) $8,000,000 due to Richter-Schroeder Company, Inc. secured by a first mortgage against the Metris Building; and (iv) $100,000 due to Ryan Companies US, Inc. secured by a first mortgage on the Avnet Building.

4. DUE TO AFFILIATES

Due to affiliates consists of Acquisitions and Advisory Fees and Acquisition Expenses, deferred offering costs, and other operating expenses paid by the Advisor on behalf of the Company. Also included in Due to Affiliates is the Matsushita lease guarantee which is explained in detail in the Company's Form 10-K for the year ended December 31, 1999. Payments of $542,645 have been made as of September 30, 2000 toward fulfilling the Matsushita agreement.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the DIAL BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that

would not be comparable with those resulting from the operations of the Dial Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Dial Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Dial Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
April 10, 2000

DIAL BUILDING

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

RENTAL REVENUES	$ 1,388,868
OPERATING EXPENSES, net of reimbursements	0
REVENUES OVER CERTAIN OPERATING EXPENSES	$ 1,388,868

The accompanying notes are an integral part of this statement.

DIAL BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 29, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the Dial Building from Ryan Companies US, Inc. ("Ryan"). Ryan is not an affiliate of Wells OP. The purchase price of the Dial Building was $14,250,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the Dial Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $35,712. The funds used to purchase the Dial Building consisted of cash and proceeds from Wells OP's lines of credit with SouthTrust Bank, N.A. and Bank of America, N.A.

The entire 129,689 rentable square feet of the Dial Building is currently under a net lease agreement (the "Lease") with Dial Corporation ("Dial"). The Lease was assigned to Wells OP at closing. The Lease commenced on August 14, 1997 and

expires on August 31, 2008. Dial has the right to extend the Lease for two additional five-year periods at 95% of the then-current fair market rental rate. Under the Lease, Dial is required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Dial Building during the term of the Lease. In addition, Dial is responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Rental Revenues

Rental income from the lease is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Dial Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the ASML BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the ASML Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the ASML Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the ASML Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia

ASML BUILDING

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES:	
Rental income	$1,849,908
Tenant reimbursements	242,143
Total revenues	2,092,051
OPERATING EXPENSES:	
Ground lease	206,625
Insurance	9,628
Total operating expenses	216,253
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,875,798

The accompanying notes are an integral part of this statement.

ASML BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 29, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate, and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the ASML Building from Ryan Companies U.S., Inc. ("Ryan"). Ryan is not an affiliate of Wells OP. The purchase price of the ASML Building was $17,355,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the ASML Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $48,875. The funds used to purchase the ASML Building consisted of cash and proceeds obtained from Wells OP's lines of credit with SouthTrust Bank, N.A. and Bank of America, N.A. Wells OP also assumed a ground lease with Research Park on 9.51 acres. The ground lease commenced August 22, 1997 and expires on December 31, 2082.

The entire 95,133 rentable square feet of the ASML Building is currently under a net lease agreement (the "Lease") with ASML Lithography, Inc. ("ASML"). The Lease was assigned to Wells OP at closing. The Lease commenced on June 4, 1998 and expires on June 30, 2013. ASML has the right to extend the Lease for two additional five-year periods at the prevailing market rental rate, but in no event less than the rate in force at the end of the preceding lease term. Under

the Lease, ASML is required to pay as additional rent the rent associated with the ground lease described above and all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the ASML Building during the term of the Lease. In addition, ASML is responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and the heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Rental Revenues

Rental income from the lease is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the ASML Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the MOTOROLA BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Motorola Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Motorola Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Motorola Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
April 10, 2000

MOTOROLA BUILDING

STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES:	
Rental income	$1,817,366
Tenant reimbursements	290,287
Total revenues	2,107,653
OPERATING EXPENSES:	
Ground lease	243,826
Insurance	11,951
Total operating expenses	255,777
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,851,876

The accompanying notes are an integral part of this statement.

MOTOROLA BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On March 29, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the Motorola Building from Ryan Companies US, Inc. ("Ryan"). Ryan is not an affiliate of Wells OP. The purchase price of the Motorola Building was $16,000,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the Motorola Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $36,622. The funds used to purchase the Motorola Building consisted of cash and proceeds obtained from Wells OP's lines of credit with SouthTrust Bank, N.A. and Bank of America, N.A. In addition, $5,000,000 in loan proceeds were provided by Ryan as seller financing. Wells OP also assumed a ground lease with Research Park on 12.44 gross acres. The ground lease commenced November 19, 1997 and expires on December 31, 2082.

The entire 133,225 rentable square feet of the Motorola Building is currently under a net lease agreement (the "Lease") with Motorola, Inc. ("Motorola"). The Lease was assigned to Wells OP at closing. The initial term of the Lease is seven years, which commenced on August 17, 1998 and expires on August 31, 2005. Motorola has the right to extend the Lease for four additional five-year periods at the prevailing market rental rate. Under the lease, Motorola is required to pay as additional rent the rent associated with the ground lease described above and all real estate taxes, special assessments, utilities, insurance, and other

operating costs associated with the Motorola Building during the term of the Lease. In addition, Motorola's responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and the heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Rental Revenues

Rental income from the lease is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Motorola Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the MOTOROLA PLAINFIELD BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Motorola Plainfield Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Motorola Plainfield Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Motorola Plainfield Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
November 30, 2000

MOTOROLA PLAINFIELD BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31,1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000 (UNAUDITED)

	September 30, 2000	December 31, 1999
	(unaudited)	
RENTAL REVENUES	$770,000	$2,310,000
OPERATING EXPENSES, net of reimbursements	73,739	10,916
REVENUES OVER CERTAIN OPERATING EXPENSES	$696,261	$2,299,084

The accompanying notes are an integral part of these statements.

MOTOROLA PLAINFIELD BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000 (UNAUDITED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On November 1, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the Motorola Plainfield Building from WHMAB Real Estate Limited Partnership ("WHMAB"). WHMAB is not an affiliate of Wells OP. The total purchase price of the Motorola Plainfield Building was $34,072,916, which includes an obligation of WHMAB assumed by Wells OP at closing to reimburse the tenant, Motorola, Inc. ("Motorola"), a maximum of $424,760 for certain rent payments required of it under its prior lease. Wells OP incurred additional acquisition expenses in connection with the purchase of the Motorola Plainfield Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $105,225. The funds used to purchase the Motorola Plainfield Building consisted of cash and proceeds from Wells OP's line of credit with SouthTrust Bank, N.A.

The entire 236,710 rentable square feet of the Motorola Plainfield Building is currently under a net lease agreement (the "Lease") with Motorola. The Lease was assigned to Wells OP at closing. The Lease commenced on November 1, 2000 and expires on October 31, 2010. Motorola has the right to extend the Lease for two additional five-year periods of time for a base rent equal to the greater of (i) the last year's rent, or (ii) 95% of the then-current fair market rental rate. Under the Lease, Motorola is required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Motorola Plainfield Building during the term of the Lease.

In addition, Motorola is responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

Prior to commencement of the Lease with Motorola, 220,000 rentable square feet of the Motorola Plainfield Building was under a net lease agreement (the "Previous Lease") with a tenant. The Previous Lease commenced on May 14, 1997 and expired on April 30, 2000. Under the Previous Lease, the tenant was required to pay as additional rent all real estate taxes, special assessments, utilities, insurance, and other operating costs associated with the Motorola Plainfield Building during the term of the Previous Lease. In addition, the tenant was responsible for repair and maintenance of the roof, walls, structure, and foundation, landscaping, and heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems.

The Motorola Plainfield Building did not have any tenants for the period from May 1, 2000 to October 31, 2000.

Rental Revenues

Rental income from leases is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Motorola Plainfield Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma balance sheet as of September 30, 2000 has been prepared to give effect to the acquisition of the Motorola Plainfield Building by the Wells Operating Partnership, L.P. ("Wells OP"), as if the acquisition occurred as of September 30, 2000. The following unaudited pro forma statements of income for the year ended December 31, 1999 and the nine months ended September 30, 2000 have been prepared to give effect to the acquisition of the Dial Building, the ASML Building, and the Motorola Tempe Building (together, the "Prior Acquisitions") and the Motorola Plainfield Building by the Wells OP as if each acquisition occurred on January 1, 1999.

Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells OP.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisitions been consummated at the beginning of the period presented.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 2000

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REAL ESTATE ASSETS, AT COST:			
Land	$ 21,695,304	$ 9,652,500(a) 402,509(b)	$ 31,750,313
Buildings less accumulated depreciation of $6,810,792	188,671,038	24,525,641(a) 1,022,719(b)	214,219,398
Construction in progress	295,517	0	295,517
Total real estate assets	210,661,859	35,603,369	246,265,228
INVESTMENT IN JOINT VENTURES	36,708,242	0	36,708,242
CASH AND CASH EQUIVALENTS	12,257,161	(10,753,381)(a) (954,223)(b) (82,973)(c)	466,584
DEFERRED OFFERING COSTS	1,108,206	0	1,108,206
DEFERRED PROJECT COSTS	471,005	(471,005)(b)	0
DUE FROM AFFILIATES	859,515	0	859,515
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	82,973(c)	6,427,878
Total assets	$ 268,410,893	$23,424,760	$ 291,835,653

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
LIABILITIES:			
Accounts payable and accrued expenses	$ 975,821	$ 424,760(a), (d)	$ 1,400,581
Notes payable	38,909,030	23,000,000(a)	61,909,030
Dividends payable	4,475,982	0	4,475,982
Due to affiliate	1,372,508	0	1,372,508
Total liabilities	45,733,341	23,424,760	69,158,101
COMMITMENTS AND CONTINGENCIES			
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	200,000
SHAREHOLDERS' EQUITY:			
Common shares, $.01 par value; 40,000,000 shares authorized, 13,471,085 shares issued and outstanding	261,748	0	261,748
Additional paid-in capital	222,215,804	0	222,215,804
Retained earnings	0	0	0
Total shareholders' equity	222,477,552	0	222,477,552
Total liabilities and shareholders' equity	$ 268,410,893	$ 23,424,760	$ 291,835,653

(a) Reflects Wells Real Estate Investment Trust Inc.'s purchase price for the building.

(b) Reflects deferred project costs allocated to the land and building at approximately 4.17% of the purchase price.

(c) Reflects loan fees incurred in connection with the receipt of loan proceeds from the SouthTrust Bank, N.A., line of credit.

(d) Reflects assumption of obligation of Wells OP to reimburse the tenant of certain rent payments required of it under its prior lease.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Pro Forma Adjustments: Motorola Plainfield	Pro Forma Total
REVENUES:				
Rental income	$4,735,184	$5,056,142(a)	$2,310,000(a)	$12,101,326
Equity in income of joint ventures	1,243,969	0	0	1,243,969
Interest income	502,993	0	0	502,993
Other income	13,249	0	0	13,249
	6,495,395	5,056,142	2,310,000	13,861,537
EXPENSES:				
Depreciation and amortization	1,726,103	1,842,818(b)	1,021,934(b)	4,614,561
			23,706(c)	
Interest	442,029	2,758,350(d)	1,787,100(f)	5,437,479
		450,000(e)		
Operating costs, net of reimbursements	(74,666)	(60,400)(g)	10,916(h)	(124,150)
Management and leasing fees	257,744	282,116(i)	138,600(i)	678,460
General and administrative	123,776	0	0	123,776
Legal and accounting	115,471	0	0	115,471
Computer costs	11,368	0	0	11,368
Amortization of organizational costs	8,921	0	0	8,921
	2,610,746	5,272,884	2,982,256	10,865,886
NET INCOME	$3,884,649	$ (216,742)	$ (672,256)	$ 2,995,651
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.50			
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				$ 0.11(j)

(a) Rental income recognized on a straight-line basis.

(b) Depreciation expense on the building using the straight-line method and a 25-year life.

(c) Amortization of loan costs over term of SouthTrust Bank, N.A. line of credit.

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 7.77% for the year ended December 31, 1999.

(e) Interest expense on the $5,000,000 note payable with Ryan Companies U.S., Inc., the seller, which bears interest at 9%.

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 7.77% for the year ended December 31, 1999.

(g) Consists of ground lease and insurance expense for the ASML Building and the Motorola Tempe Building, net of tenant reimbursements.

(h) Consists of non-reimbursable operating expenses.

(i) Management and leasing fees equal approximately 6% of rental income.

(j) As of the property acquisition date of November 1, 2000, Wells

Real Estate Investment Trust, Inc. had 27,970,106 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire year ended December 31, 1999.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Pro Forma Adjustments: Motorola Plainfield	Pro Forma Total
REVENUES:				
Rental income	$13,712,371	$1,440,432(a)	$ 770,000(a)	$15,922,803
Equity in income of joint ventures	1,684,247	0	0	1,684,247
Interest income	338,020	0	0	338,020
	15,734,638	1,440,432	770,000	17,945,070
EXPENSES:				
Depreciation and amortization	5,084,689	460,704(b)	766,451(b) 17,780(c)	6,329,624
Interest	2,798,299	777,450(d) 112,500(e)	1,546,620(f)	5,234,869
Operating costs, net of reimbursements	631,407	(15,099)(g)	73,739(h)	690,047
Management and leasing fees	919,630	86,426(i)	46,200(i)	1,052,256
General and administrative	273,484	0	0	273,484
Legal and accounting	130,603	0	0	130,603
Computer costs	8,846	0	0	8,846
Amortization of organizational costs	150,143	0	0	150,143
	9,997,101	1,421,981	2,450,790	13,869,872
NET INCOME	$ 5,737,537	$ 18,451	$(1,680,790)	$ 4,075,198
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.30			
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				$ 0.15(j)

REVENUES:

(a) Rental income recognized on a straight-line basis.

(b) Depreciation expense on the building using the straight-line method and a 25-year life.

(c) Amortization of loan costs over term of SouthTrust Bank, N.A. line of credit.

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 8.76% for the nine months ended September 30, 2000.

(e) Interest expense on the $5,000,000 note payable with Ryan Companies U.S., Inc., the seller, which bears interest at 9%.

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 8.97% for the nine months ended September 30, 2000.

(g) Consists of ground lease and insurance expense for the ASML Building and the Motorola Tempe Building, net of tenant reimbursements.

(h) Consists of non-reimbursable operating expenses.

(i) Management and leasing fees equal approximately 6% of rental income.

(j) As of the property acquisition date of November 1, 2000, Wells Real Estate Investment Trust, Inc. had 27,970,106 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire nine months ended September 30, 2000.

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (Tables) provide information relating to real estate investment programs sponsored by the advisor and its affiliates (Wells Public Programs) which have investment objectives similar to Wells Real Estate Investment Trust, Inc. (Wells REIT). (See "Investment Objectives and Criteria.") All of the Wells Public Programs, except for the Wells REIT, have used substantial amounts of capital, and no acquisition indebtedness, to acquire their properties.

Prospective investors should read these Tables carefully together with the summary information concerning the Wells Public Programs as set forth in "Prior Performance Summary" section of this prospectus.

Investors in the Wells REIT will not own any interest in other Wells Public Programs and should not assume that they will experience returns, if any, comparable to those experienced by investors in the Wells Public Programs.

The advisor is responsible for the acquisition, operation, maintenance and resale of the real estate properties. The financial results of the Wells Public Programs thus provide an indication of the advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

Table I - Experience in Raising and Investing Funds (As a Percentage of Investment)

Table II - Compensation to Sponsor (in Dollars)

Table III - Annual Operating Results of Wells Public Programs

Table IV (Results of completed programs) and Table V (sales or disposals of property) have been omitted since none of the Wells Public Programs have sold any of their properties to date.

Additional information relating to the acquisition of properties by the Wells Public Programs is contained in Table VI, which is included in Part II of the registration statement which the Wells REIT has filed with the Securities and Exchange Commission. As described above, no Wells Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request.

The following are definitions of certain terms used in the Tables:

"Acquisition Fees" shall mean fees and commissions paid by a Wells Public Program in connection with its purchase or development of a property, except development fees paid to a person not affiliated with the Wells Public Program or with a general partner or advisor of the Wells Public Program in connection with the actual development of a project after acquisition of the land by the Wells Public Program.

"Organization Expenses" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the sponsor in connection with the planning and formation of the Wells Public Program.

"Underwriting Fees" shall include selling commissions and wholesaling fees paid to broker-dealers for services provided by the broker-dealers during the offering.

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the sponsors of Wells Public Programs for which offerings have been completed since December 31, 1996. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties. All figures are as of December 31, 1999.

	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc.
Dollar Amount Raised	$35,000,000/(3)/	$ 27,128,912/(4)/	$ 16,532,802/(5)/	$ 132,181,919/(6)/
Percentage Amount Raised	100.0%/(3)/	100%/(4)/	100%/(5)/	100%/(6)/
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	9.5%	9.5%
Organizational Expenses	5.0%	5.0%	3.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	85.0%	87.5%	87.5%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	2.0%	5.4%	0.0%	1.1%
Cash Down Payment	67.1%	60.5%	84.0%	82.0%
Acquisition Fees/(2)/	4.0%	4.0%	3.5%	3.5%
Development and Construction Costs	11.9%	14.1%	0.0%	0.3%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	85.0%	84.0%	87.5%	86.9%
Percent Leveraged	0.0%	0.0%	0.0%	17.6%
Date Offering Began	01/05/96	12/31/96	2/31/97	01/30/98
Length of Offering	12 mo.	12 mo.	12 mo.	23 mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	14 mo.	19 mo.	20 mo.	21 mo.
Number of Investors as of 12/31/99	2,120	1,812	1,345	3,839

(1) Does not include general partner contributions held as part of reserves.
(2) Includes acquisition fees, real estate commissions, general contractor fees and/or architectural fees paid to affiliates of the general partners.
(3) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996, and the total dollar amount raised was $35,000,000.

(4) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was $27,128,912.
(5) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund XI, L.P. closed its offering on December 30, 1998, and the total dollar amount raised was $16,532,802.
(6) Total dollar amount registered and available to be offered was $165,000,000. Wells Real Estate Investment Trust, Inc. closed its initial offering on December 20, 1999, and the total dollar amount raised in its

initial offering was $132,181,919.

TABLE II
(UNAUDITED)
COMPENSATION TO SPONSOR

The following sets forth the compensation received by Wells Capital and its affiliates, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Wells Public Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1996. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1999.

	Wells Real Estate Fund IX, L.P.	Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc.	Other Public Programs/(1)/
Date Offering Commenced	01/05/96	12/31/96	12/31/97	01/30/98	--
Dollar Amount Raised	$35,000,000	$ 27,128,912	$ 16,532,802	$132,181,919	$206,241,095
to Sponsor from Proceeds of Offering:					
Underwriting Fees/(2)/	$ 309,556	$ 260,748	$ 151,911	$ 1,530,882	$ 924,156
Acquisition Fees					
Real Estate Commissions	--	--	--	--	--
Acquisition and Advisory Fees/(3)/	$ 1,400,000	$ 1,085,157	$ 578,648	$ 4,626,367	$ 10,159,399
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(4)/	$ 7,064,631	$ 4,262,319	$ 2,133,705	$ 8,002,132	$ 38,076,886
Amount Paid to Sponsor from Operations:	$ 169,661	$ 105,410	$ 22,200	$ 129,208	$ 1,434,957
Property Management Fee/(1)/	--	--	--	--	--
Partnership Management Fee	$ 133,784	$ 105,132	$ 61,058	$ 101,605	$ 1,613,725
Reimbursements	$ 260,082	$ 176,108	$ 33,492	$ 129,208	$ 1,580,482
Leasing Commissions	--	--	--	--	--
General Partner Distributions	--	--	--	--	--
Other					
Dollar Amount of Property Sales and Refinancing Payments to Sponsors:	--	--	--	--	--
Cash	--	--	--	--	--
Notes					
Amount Paid to Sponsor from Property Sales and Refinancing:					
Real Estate Commissions	--	--	--	--	--
Incentive Fees	--	--	--	--	--
Other	--	--	--	--	--

(1) Includes compensation paid to the general partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., and Wells Real Estate Fund VIII, L.P. during the past three years. In addition to the amounts shown, affiliates of the general partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Wells Real Estate Fund I. At December 31, 1999, the amount of such deferred fees due the general partners totaled $2,397,266.

(2) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offering which was not reallowed to participating broker-dealers.

(3) Fees paid to the general partners or their affiliates for acquisition and advisory services in connection with the review and evaluation of potential real property acquisitions.

(4) Includes $487,134 in net cash provided by operating activities, $6,013,970 in distributions to limited partners and $563,527 in payments to sponsor for Wells Real Estate Fund IX, L.P.; $400,825 in net cash provided by operating activities, $3,474,844 in distributions to limited partners and $386,650 in payments to sponsor for Wells Real Estate Fund X, L.P.; $(150,720) in net cash used by operating activities, $2,167,675 in distributions to limited partners and

$116,750 in payments to sponsor for Wells Real Estate Fund XI, L.P.; $3,732,726 in net cash provided by operating activities, $3,909,385 in dividends and $360,021 in payments to sponsor for Wells Real Estate Investment Trust, Inc.; and $2,167,163 in net cash provided by operating activities, $31,280,559 in distributions to limited partners and $4,629,164 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following six tables set forth operating results of Wells Public Programs the offerings of which have been completed since December 31, 1994. The information relates only to public programs with investment objectives similar to those of the Wells REIT. All figures are as of December 31 of the year indicated.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND VII, L.P.

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 982,630	$ 846,306	$ 816,237	$ 543,291	$ 925,246
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,273	85,722	76,838	84,265	114,953
Depreciation and Amortization/(3)/	1,562	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 895,795	$ 754,334	$ 733,149	$ 452,776	$ 804,043
Taxable Income: Operations	$ 1,255,666	$ 1,109,096	$ 1,008,368	$ 657,443	$ 812,402
Cash Generated (Used By):					
Operations	(82,763)	(72,194)	(43,250)	20,883	431,728
Joint Ventures	1,777,010	1,770,742	1,420,126	760,628	424,304
	$ 1,694,247	$ 1,698,548	$ 1,376,876	$ 781,511	$ 856,032
Less Cash Distributions to Investors:					
Operating Cash Flow	1,688,290	1,636,158	1,376,876	781,511	856,032
Return of Capital	--	--	2,709	10,805	22,064
Undistributed Cash Flow from Prior Year Operations	--	--	--	--	9,643
Cash Generated (Deficiency) after Cash Distributions	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)	$ (31,707)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	$ --	$ --	$ --	$ --	$ 805,212
	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)	$ 773,505
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	$ 244,207
Return of Original Limited Partner's Investment	--	--	--	--	100
Property Acquisitions and Deferred Project Costs	0	181,070	169,172	736,960	14,971,002
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 5,957	$ (118,680)	$ (171,881)	$ (747,765)	$(14,441,804)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)	93	85	86	62	57
- Operations Class A Units	(248)	(224)	(168)	(98)	(20)
- Operations Class B Units	--	--	--	--	--
Capital Gain (Loss)					
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	89	82	78	55	55
- Operations Class B Units	(144)	(134)	(111)	(58)	(16)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	83	81	70	43	52
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	83	81	70	42	51
- Return of Capital Class A Units	--	--	--	1	1
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment income Class A Units	67	65	54	29	30
- Return of Capital Class A Units	16	16	16	14	22
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $403,325 in equity in earnings of joint ventures and $521,921 from investment of reserve funds in 1995, $457,144 in equity in earnings of joint ventures and $86,147 from investment of reserve funds in 1996, $785,398 in equity in earnings of joint ventures and $30,839 from investment of reserve funds in 1997, $839,037 in equity in earnings of joint ventures and $7,269 from investment of reserve funds in 1998, and $981,104 in equity in earnings of joint ventures and $1,526 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 97% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,468 for 1994, $140,533 for 1995, $605,247 for 1996, $877,869 for 1997, $955,245 for 1998, and $982,052 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $950,826 to Class A Limited Partners, $(146,503) to Class B Limited Partners and $(280) to the General Partners for 1995; $1,062,605 to Class A Limited Partners, $(609,829) to Class B Limited Partners and $0 to the General Partners for 1996; $1,615,965 to class A Limited Partners, $(882,816) to Class B Limited Partners and $0 to the General Partners for 1997; $1,704,213 to Class A Limited Partners, $(949,879) to Class B Limited Partners and $0 to the General Partners for 1998; and $1,879,410 to Class A Limited Partners, $(983,615) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,680,730.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND VIII, L.P.

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 1,360,497	$ 1,362,513	$ 1,204,018	$ 1,057,694	$ 402,428
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	87,301	87,092	95,201	114,854	122,264
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 1,266,946	$ 1,269,171	$ 1,102,567	$ 936,590	273,914
Taxable Income: Operations	$ 1,672,844	$ 1,683,192	$ 1,213,524	$ 1,001,974	404,348
Cash Generated (Used By):					
Operations	(87,298)	(63,946)	7,909	623,268	204,790
Joint Ventures	2,558,623	2,293,504	1,229,282	279,984	20,287
	$ 2,471,325	$ 2,229,558	$ 1,237,191	$ 903,252	$ 225,077
Less Cash Distributions to Investors:					
Operating Cash Flow	2,379,215	2,218,400	1,237,191	903,252	--
Return of Capital	--	--	183,315	2,443	--
Undistributed Cash Flow from Prior Year Operations	--	--	--	225,077	--
Cash Generated (Deficiency) after Cash Distributions	$ 92,110	$ 11,158	$ (183,315)	$ (227,520)	$ 225,077
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions/(5)/	--	--	--	1,898,147	30,144,542
	$ 92,110	$ 11,158	$ (183,315)	$ 1,670,627	$ 30,369,619
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	464,760	4,310,028
Return of Limited Partner's Investment	--	--	8,600	--	--
Property Acquisitions and Deferred Project Costs	0	1,850,859	10,675,811	7,931,566	6,618,273
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 92,110	$ (1,839,701)	$ (10,867,726)	$ (6,725,699)	$ 19,441,318
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	91	91	73	46	28

- Operations Class B Units	(247)	(212)	(150)	(47)	(3)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	88	89	65	46	17
- Operations Class B Units	154	(131)	(95)	(33)	(3)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	87	83	54	43	--
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	87	83	47	43	--
- Return of Capital Class A Units	--	--	7	0	--
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	70	69	42	33	--
- Return of Capital Class A Units	17	16	12	10	--
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $28,377 in equity in earnings of joint ventures and $374,051 from investment of reserve funds in 1995, $241,819 in equity in earnings of joint ventures and $815,875 from investment of reserve funds in 1996, $1,034,907 in equity in earnings of joint ventures and $169,111 from investment of reserve funds in 1997, $1,346,367 in equity in earnings of joint ventures and $16,146 from investment of reserve funds in 1998, and $1,360,494 in equity in earnings of joint ventures and $3 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 98% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $14,058 for 1995, $265,259 for 1996, $841,666 for 1997, $1,157,355 for 1998, and $1,209,171 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $294,221 to Class A Limited Partners, $(20,104) to Class B Limited Partners and $(203) to the General Partners for 1995; $1,207,540 to Class A Limited Partners, $(270,653) to Class B Limited Partners and $(297) to the General Partners for 1996; $1,947,536 to Class A Limited Partners, $(844,969) to Class B Limited Partners and $0 to the General Partners for 1997; $2,431,246 to Class A Limited Partners, $(1,162,075) to Class B Limited Partners and $0 to the General Partners for 1998; and $2,481,559 to Class A Limited Partners, $(1,214,613) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,464,810.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND IX, L.P.

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 1,593,734	$ 1,561,456	$ 1,199,300	$ 406,891	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	90,903	105,251	101,284	101,885	
Depreciation and Amortization/(3)/	12,500	6,250	6,250	6,250	
Net Income GAAP Basis/(4)/	$ 1,490,331	$ 1,449,955	$ 1,091,766	$ 298,756	
Taxable Income: Operations	$ 1,924,542	$ 1,906,011	$ 1,083,824	$ 304,552	
Cash Generated (Used By):					

Operations	$ (94,403)	$ 80,147	$ 501,390	$ 151,150
Joint Ventures	2,814,870	2,125,489	527,390	--
	$ 2,720,467	$ 2,205,636	$ 1,028,780	$ 151,150
Less Cash Distributions to Investors:				
Operating Cash Flow	2,720,467	2,188,189	1,028,780	149,425
Return of Capital	15,528	--	41,834	--
Undistributed Cash Flow From Prior Year Operations	17,447	--	1,725	--
Cash Generated (Deficiency) after Cash Distributions	$ (32,975)	$ 17,447	$ (43,559)	$ 1,725
Special Items (not including sales and financing):				
Source of Funds:				
General Partner Contributions	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	35,000,000
	$ (32,975)	$ 17,447	$ (43,559)	$35,001,725
Use of Funds:				
Sales Commissions and Offering Expenses	--	323,039	4,900,321	
Return of Original Limited Partner's Investment	--	--	100	--
Property Acquisitions and Deferred Project Costs	190,853	9,455,554	13,427,158	6,544,019
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (223,828)	$ (9,438,107)	$(13,793,856)	$23,557,385
Net Income and Distributions Data per $1,000 Invested:				
Net Income on GAAP Basis:				
Ordinary Income (Loss)	89	88	53	28
- Operations Class A Units	(272)	(218)	(77)	(11)
- Operations Class B Units	--	--	--	--
Capital Gain (Loss)				
Tax and Distributions Data per $1,000 Invested:				
Federal Income Tax Results:				
Ordinary Income (Loss)				
- Operations Class A Units	86	85	46	26
- Operations Class B Units	(164)	(123)	(47)	(48)
Capital Gain (Loss)	--	--	--	--
Cash Distributions to Investors:				
Source (on GAAP Basis)				
- Investment Income Class A Units	88	73	36	13
- Return of Capital Class A Units	2	--	--	--
- Return of Capital Class B Units	--	--	--	--
Source (on Cash Basis)				
- Operations Class A Units	89	73	35	13
- Return of Capital Class A Units	1	--	1	--
- Operations Class B Units	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/				
- Investment Income Class A Units	77	61	29	10
- Return of Capital Class A Units	13	12	7	3
- Return of Capital Class B Units	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%			

(1) Includes $23,077 in equity in earnings of joint ventures and $383,884 from investment of reserve funds in 1996, and $593,914 in equity in earnings of joint ventures and $605,386 from investment of reserve funds in 1997, $1,481,869 in equity in earnings of joint ventures and $79,587 from investment of reserve funds in 1998, and $1,593,734 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,286 for 1996, $469,126 for 1997, $1,143,407 for 1998, and $1,210,939 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $330,270 to Class A Limited Partners, $(31,220) to Class B Limited Partners and $(294) to the General Partners for 1996; $1,564,778 to Class A Limited Partners, $(472,806) to Class B Limited Partners and $(206) to the General Partners for 1997; $2,597,938 to Class A Limited Partners, $(1,147,983) to Class B Limited Partners and $0 to the General Partners for 1998; and $2,713,636 to Class A Limited Partners, $(1,223,305) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $993,010.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND X, L.P.

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	$ 1,309,281	$ 1,204,597	$ 372,507	N/A	N/A
Profit on Sale of Properties	--	--	--		
Less: Operating Expenses/(2)/	98,213	99,034	88,232		
Depreciation and Amortization/(3)/	18,750	55,234	6,250		
Net Income GAAP Basis/(4)/	$ 1,192,318	$ 1,050,329	$ 278,025		
Taxable Income: Operations	$ 1,449,771	$ 1,277,016	$ 382,543		
Cash Generated (Used By):					
Operations	(99,862)	300,019	200,668		
Joint Ventures	2,175,915	886,846	--		
	$ 2,076,053	$ 1,186,865	$ 200,668		
Less Cash Distributions to Investors:					
Operating Cash Flow	2,067,801	1,186,865	--		
Return of Capital	--	19,510	--		
Undistributed Cash Flow From Prior Year Operations	--	200,668	--		
Cash Generated (Deficiency) after Cash Distributions	$ 8,252	$ (220,178)	$ 200,668		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions	--	--	27,128,912		
	$ 8,252	$ (220,178)	$27,329,580		
Use of Funds:					
Sales Commissions and Offering Expenses	--	300,725	3,737,363		
Return of Original Limited Partner's Investment	--	--	100		
Property Acquisitions and Deferred Project Costs	0	17,613,067	5,188,485		
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 8,252	$(18,133,970)	$18,403,632		
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)	97	85	28		
- Operations Class A Units	(160)	(123)	(9)		
- Operations Class B Units	--	--	--		
Capital Gain (Loss)					
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	92	78	35		
- Operations Class B Units	(100)	(64)	0		
Capital Gain (Loss)	--	--	--		
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	95	66	--		
- Return of Capital Class A Units	--	--	--		
- Return of Capital Class B Units	--	--	--		
Source (on Cash Basis)					
- Operations Class A Units	95	56	--		
- Return of Capital Class A Units	--	10	--		
- Operations Class B Units	--	--	--		
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	71	48	--		
- Return of Capital Class A Units	24	18	--		
- Return of Capital Class B Units	--	--	--		
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $(10,035) in equity in earnings of joint ventures and $382,542 from investment of reserve funds in 1997, and $869,555 in equity in earnings of joint ventures and $215,042 from investment of reserve funds in 1998, and $1,309,281 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $18,675 for 1997, $674,986 for 1998, and $891,911 for 1999.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $302,862 to Class A Limited Partners, $(24,675) to Class B Limited Partners and $(162) to the General Partners for 1997; $1,779,191 to Class A Limited Partners, $(728,524) to Class B Limited Partners and $(338) to General Partners for 1998; and $2,084,229 to Class A Limited Partners, $(891,911) to Class B Limited Partners and $0 to the General Partners for 1999.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority

distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $909,527.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND XI, L.P.

	1999	1998	1997	1996	1995
Gross Revenues/(1)/	766,586	262,729	N/A	N/A	N/A
Profit on Sale of Properties	--	--			
Less: Operating Expenses/(2)/	111,058	113,184			
Depreciation and Amortization/(3)/	25,000	6,250			
Net Income GAAP Basis/(4)/	$ 630,528	$ 143,295			
Taxable Income: Operations	$ 704,108	$ 177,692			
Cash Generated (Used By):					
Operations	40,906	(50,858)			
Joint Ventures	705,394	102,662			
	$ 746,300	$ 51,804			
Less Cash Distributions to Investors:					
Operating Cash Flow	746,300	51,804			
Return of Capital	49,761	48,070			
Undistributed Cash Flow From Prior Year Operations	--	--			
Cash Generated (Deficiency) after Cash Distributions	$ (49,761)	$ (48,070)			
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--			
Increase in Limited Partner Contributions	--	16,532,801			
	$ (49,761)	$16,484,731			
Use of Funds:					
Sales Commissions and Offering Expenses	214,609	1,779,661			
Return of Original Limited Partner's Investment	100	--			
Property Acquisitions and Deferred Project Costs	9,005,979	5,412,870			
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(9,270,449)	$ 9,292,200			
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	77	20			
- Operations Class B Units	(112)	(32)			
Capital Gain (Loss)	--	--			
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	71	18			
- Operations Class B Units	(73)	(17)			
Capital Gain (Loss)	--	--			
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	60	8			
- Return of Capital Class A Units	--	--			
- Return of Capital Class B Units	--	--			
Source (on Cash Basis)					
- Operations Class A Units	56	4			
- Return of Capital Class A Units	4	4			
- Operations Class B Units	--	--			
Source (on a Priority Distribution Basis)(5)					
- Investment Income Class A Units	46	6			
- Return of Capital Class A Units	14	2			
- Return of Capital Class B Units	--	--			
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $142,163 in equity in earnings of joint ventures and $120,566 from investment of reserve funds in 1998, and $607,579 in equity in earnings of joint ventures and $159,007 from investment of reserve funds in 1999. At December 31, 1999, the leasing status was 100% including developed property

in initial lease up.
(2) Includes partnership administrative expenses.
(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $105,458 for 1998, and $353,840 for 1999.
(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $254,862 to Class A Limited Partners, $(111,067) to Class B Limited Partners and $(500) to General Partners for 1998; and $1,009,368 to Class A Limited Partners, $(378,840) to Class B Limited Partners and $0 to the General Partners for 1999.
(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1999, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $213,006.

EXHIBIT A

SUBSCRIPTION AGREEMENT

To: Wells Real Estate Investment Trust, Inc.
Suite 250
6200 The Corners Parkway
Norcross, Georgia 30092

Ladies and Gentlemen:

The undersigned, by signing and delivering a copy of the attached Subscription Agreement Signature Page, hereby tenders this subscription and applies for the purchase of the number of shares of common stock ("Shares") of Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), set forth on such Subscription Agreement Signature Page. Payment for the Shares is hereby made by check payable to "Wells Real Estate Investment Trust, Inc."

I hereby acknowledge receipt of the Prospectus of the Company dated December 20, 2000 (the "Prospectus").

I agree that if this subscription is accepted, it will be held, together with the accompanying payment, on the terms described in the Prospectus. Subscriptions may be rejected in whole or in part by the Company in its sole and absolute discretion.

Prospective investors are hereby advised of the following:

(a) The assignability and transferability of the Shares is restricted and will be governed by the Company's Articles of Incorporation and Bylaws and all applicable laws as described in the Prospectus.

(b) Prospective investors should not invest in Shares unless they have an adequate means of providing for their current needs and personal contingencies and have no need for liquidity in this investment.

(c) There is no public market for the Shares and, accordingly, it may not be possible to readily liquidate an investment in the Company.

SPECIAL NOTICE FOR CALIFORNIA RESIDENTS ONLY
CONDITIONS RESTRICTING TRANSFER OF SHARES

260.141.11 Restrictions on Transfer.

(a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 of the Rules (the "Rules") adopted under the California Corporate Securities Law (the "Code") shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of the Rules), except:

(1) to the issuer;

(2) pursuant to the order or process of any court;

(3) to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of the Rules;

(4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

(5) to holders of securities of the same class of the same issuer;

(6) by way of gift or donation inter vivos or on death;

(7) by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities laws of the foreign state, territory or country concerned;

(8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

(9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

(10) by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(11) by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

(12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(13) between residents of foreign states, territories or countries who are neither domiciled or actually present in this state;

(14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state;

(15) by the State Controller pursuant to the Unclaimed Property Law or

by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

(16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

(17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

[Last amended effective January 21, 1988.]

SPECIAL NOTICE FOR MAINE, MASSACHUSETTS, MINNESOTA, MISSOURI AND NEBRASKA RESIDENTS ONLY

In no event may a subscription for Shares be accepted until at least five business days after the date the subscriber receives the Prospectus. Residents of the States of Maine, Massachusetts, Minnesota, Missouri and Nebraska who first received the Prospectus only at the time of subscription may receive a refund of the subscription amount upon request to the Company within five days of the date of subscription.

STANDARD REGISTRATION REQUIREMENTS

The following requirements have been established for the various forms of registration. Accordingly, complete Subscription Agreements and such supporting material as may be necessary must be provided.

TYPE OF OWNERSHIP AND SIGNATURE(S) REQUIRED

1. INDIVIDUAL: One signature required.

2. JOINT TENANTS WITH RIGHT OF SURVIVORSHIP: All parties must sign.

3. TENANTS IN COMMON: All parties must sign.

4. COMMUNITY PROPERTY: Only one investor signature required.

5. PENSION OR PROFIT SHARING PLANS: The trustee signs the Signature Page.

6. TRUST: The trustee signs the Signature Page. Provide the name of the trust, the name of the trustee and the name of the beneficiary.

7. Company: Identify whether the entity is a general or limited partnership. The general partners must be identified and their signatures obtained on the Signature Page. In the case of an investment by a general partnership, all partners must sign (unless a "managing partner" has been designated for the partnership, in which case he may sign on behalf of the partnership if a certified copy of the document granting him authority to invest on behalf of the partnership is submitted).

8. CORPORATION: The Subscription Agreement must be accompanied by (1) a

certified copy of the resolution of the Board of Directors designating the officer(s) of the corporation authorized to sign on behalf of the corporation and (2) a certified copy of the Board's resolution authorizing the investment.

9. IRA AND IRA ROLLOVERS: Requires signature of authorized signer (e.g., an officer) of the bank, trust company, or other fiduciary. The address of the trustee must be provided in order for the trustee to receive checks and other pertinent information regarding the investment.

10. KEOGH (HR 10): Same rules as those applicable to IRAs.

11. UNIFORM GIFT TO MINORS ACT (UGMA) or UNIFORM TRANSFERS TO MINORS ACT (UTMA): The required signature is that of the custodian, not of the parent (unless the parent has been designated as the custodian). Only one child is permitted in each investment under UGMA or UTMA. In addition, designate the state under which the gift is being made.

INSTRUCTIONS TO SUBSCRIPTION AGREEMENT SIGNATURE PAGE
TO WELLS REAL ESTATE INVESTMENT TRUST, INC. SUBSCRIPTION AGREEMENT

INVESTOR INSTRUCTIONS	Please follow these instructions carefully. Failure to do so may result in the rejection of your subscription. All information on the Subscription Agreement Signature Page should be completed as follows:
1. INVESTMENT	a. GENERAL: A minimum investment of $1,000 (100 Shares) is required, except for certain states which require a higher minimum investment. A CHECK FOR THE FULL PURCHASE PRICE OF THE SHARES SUBSCRIBED FOR SHOULD BE MADE PAYABLE TO THE ORDER OF "WELLS REAL ESTATE INVESTMENT TRUST, INC." Investors who have satisfied the minimum purchase requirements in Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P., Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P. or Wells Real Estate Fund XII, L.P. or in any other public real estate program may invest as little as $25 (2.5 Shares) except for residents of Maine, Minnesota, Nebraska or Washington. Shares may be purchased only by persons meeting the standards set forth under the Section of the Prospectus entitled "Investor Suitability Standards." Please indicate the state in which the sale was made.
	b. DEFERRED COMMISSION OPTION: Please check the box if you have agreed with your Broker-Dealer to elect the Deferred Commission Option, as described in the Prospectus, as supplemented to date. By electing the Deferred Commission Option, you are required to pay only $9.40 per Share purchased upon subscription. For the next six years following the year of subscription, or lower if required to satisfy outstanding deferred commission obligations, you will have a 1% sales commission ($.10 per Share) per year deducted from and paid out of dividends or other cash distributions otherwise distributable to you. Election of the Deferred Commission Option shall authorize the Company to withhold such amounts from dividends or other cash distributions otherwise payable to you as is set forth in the "Plan of Distribution" section of the Prospectus.

2. ADDITIONAL INVESTMENTS	Please check if you plan to make one or more additional investments in the Company. All additional investments must be in increments of at least $25. Additional investments by residents of Maine must be for the minimum amounts stated under "Suitability Standards" in the Prospectus, and residents of Maine must execute a new Subscription Agreement Signature Page to make additional investments in the Company. If additional investments in the Company are made, the investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations or warranties set forth in the Prospectus or the Subscription Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive commissions on such additional investments as described in the Prospectus.
3. TYPE OF OWNERSHIP	Please check the appropriate box to indicate the type of entity or type of individuals subscribing.
4. REGISTRATION NAME AND ADDRESS	Please enter the exact name in which the Shares are to be held. For joint tenants with right of survivorship or tenants in common, include the names of both investors. In the case of partnerships or corporations, include the name of an individual to whom correspondence will be addressed. Trusts should include the name of the trustee. All investors must complete the space provided for taxpayer identification number or social security number. By signing in Section 6, the investor is certifying that this number is correct. Enter the mailing address and telephone numbers of the registered owner of this investment. In the case of a Qualified Plan or trust, this will be the address of the trustee. Indicate the birthdate and occupation of the registered owner unless the registered owner is a partnership, corporation or trust.
5. INVESTOR NAME AND ADDRESS	Complete this Section only if the investor's name and address is different from the registration name and address provided in Section 4. If the Shares are registered in the name of a trust, enter the name, address, telephone number, social security number, birthdate and occupation of the beneficial owner of the trust.
6. SUBSCRIBER SIGNATURES	Please separately initial each representation made by the investor where indicated. Except in the case of fiduciary accounts, the investor may not grant any person a power of attorney to make such representations on his or her behalf. Each investor must sign and date this Section. If title is to be held jointly, all parties must sign. If the registered owner is a partnership, corporation or trust, a general partner, officer or trustee of the entity must sign. PLEASE NOTE THAT THESE SIGNATURES DO NOT HAVE TO BE NOTARIZED.

7. DIVIDENDS	a. DIVIDEND REINVESTMENT PLAN: By electing the Dividend Reinvestment Plan, the investor elects to reinvest the stated percentage of dividends otherwise payable to such investor in Shares of the Company. The investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations and

warranties as set forth in the Prospectus or Subscription Agreement or in the prospectus and subscription agreement of any future limited partnerships sponsored by the Advisor or its affiliates. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive commissions not to exceed 7% of reinvested dividends, less any discounts authorized by the Prospectus.

b. DIVIDEND ADDRESS: If cash dividends are to be sent to an address Oher than that provided in Section 4 (i.e., a bank, brokerage firm or savings and loan, etc.), please provide the name, account number and address.

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8. BROKER-DEALER — This Section is to be completed by the Registered Representative. Please complete all BROKER-DEALER information contained in Section 8 including suitability certification. SIGNATURE PAGE MUST BE SIGNED BY AN AUTHORIZED REPRESENTATIVE.

The Subscription Agreement Signature Page, which has been delivered with this Prospectus, together with a check for the full purchase price, should be delivered or mailed to your Broker-Dealer. Only original, completed copies of Subscription Agreements can be accepted. Photocopied or otherwise duplicated Subscription Agreements cannot be accepted by the Company.

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS SUBSCRIPTION AGREEMENT SIGNATURE PAGE, PLEASE CALL 1-800-448-1010

SEE PRECEDING PAGE FOR INSTRUCTIONS

Special Instructions: _____

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUBSCRIPTION AGREEMENT SIGNATURE PAGE

1. ===== INVESTMENT =====

_____ # of Shares

_____ Total $ Invested

(# Shares x $10 = $ Invested)

Minimum purchase $1,000 or 100 Shares

Make Investment Check Payable to:
Wells Real Estate Investment Trust, Inc.

[_] Initial Investment (Minimum $1,000)
[_] Additional Investments (Minimum $25)
State in which sale was made _____

Check the following box to elect the Deferred Commission Option: [_]
(This election must be agreed to by the Broker-Dealer listed below)

2. ===== ADDITIONAL INVESTMENTS =====

Please check if you plan to make additional investments in the Company: [_]
[If additional investments are made, please include social security number or other taxpayer identification number on your check.]
[All additional investments must be made in increments of at least $25.]

3. ===== TYPE OF OWNERSHIP =====

[_] IRA (06)
[_] Keogh (10)
[_] Qualified Pension Plan (11)
[_] Qualified Profit Sharing Plan (12)
[_] Other Trust _____
For the Benefit of _____
[_] Company (15)

[_] Individual (01)
[_] Joint Tenants With Right of Survivorship (02)
[_] Community Property (03)
[_] Tenants in Common (04)
[_] Custodian: A Custodian for _____ under the Uniform Gift to Minors Act or the Uniform Transfers to Minors Act of the State of _____ (08)

[_] Other _____

4. ===== REGISTRATION NAME AND ADDRESS ===
Please print name(s) in which Shares are to be registered. Include trust name if applicable.
[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other _____

_____

Taxpayer Identification Number
[_][_]-[_][_][_][_][_][_][_]

_____

Social Security Number
[_][_][_]-[_][_]-[_][_][_][_]

_____

_____

Street Address
or P.O. Box

_____

City ---------- State ---------- Zip Code ----------
---------- ----------

Home Telephone No. ( ) Business Telephone No. ( )
---------- ----------

---------- ----------

Birthdate Occupation
---------- ----------

5. ===== INVESTOR NAME AND ADDRESS ==
(COMPLETE ONLY IF DIFFERENT FROM REGISTRATION NAME AND ADDRESS)
[_] Mr [_] Mrs [_] Ms [_] MD [_] PhD [_] DDS [_] Other

_____

Name

Social Security Number
[_][_][_]-[_][_]-[_][_][_][_]

Street Address
or P.O. Box

City State Zip Code
---------- --------- ----------

---------- ----------

Home Telephone No. ( ) Business Telephone No. ( )
---------- ----------

---------- ----------

Birthdate Occupation
---------- ----------

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(REVERSE SIDE MUST BE COMPLETED)

6. ===== SUBSCRIBER SIGNATURES ==

Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf. In order to induce the Company to accept this subscription, I hereby represent and warrant to you as follows:

(a)	I have received the Prospectus.	Initials	Initials
(b)	I accept and agree to be bound by the terms and conditions of the Articles of Incorporation.	Initials	Initials
(c)	I have (i) a net worth (exclusive of home, home furnishings and automobiles) of $150,000 or more; or (ii) a net worth (as described above) of at least $45,000 and had during the last tax year or estimate that I will have during the current tax year a minimum of $45,000 annual gross income, or that I meet the higher suitability requirements imposed by my state of primary residence as set forth in the Prospectus under "Suitability Standards."	Initials	Initials
(d)	If I am a California resident or if the Person to whom I subsequently propose to assign or transfer any Shares is a California resident, I may not consummate a sale or transfer of my Shares, or any interest therein, or receive any consideration therefor, without the prior written consent of the Commissioner of the Department of Corporations of the State of California, except as permitted in the Commissioner's Rules, and I understand that my Shares, or any document evidencing my Shares, will bear a legend reflecting the substance of the foregoing understanding.	Initials	Initials
(e)	ARKANSAS, NEW MEXICO AND TEXAS RESIDENTS ONLY: I am purchasing the Shares for my own account and acknowledge that the investment is not liquid.	Initials	Initials

I declare that the information supplied above is true and correct and may be relied upon by the Company in connection with my investment in the Company. Under penalties of perjury, by signing this Signature Page, I hereby certify that (a) I have provided herein my correct Taxpayer Identification Number, and (b) I am not subject to back-up withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to back-up withholding.

Signature of Investor or Trustee	Signature of Joint Owner, if applicable	Date

(MUST BE SIGNED BY TRUSTEE(S) IF IRA, KEOGH OR QUALIFIED PLAN.)

7. ===== DISTRIBUTIONS =====

7a. Check the applicable box to participate in the Dividend Reinvestment Plan: Percentage of participation: 100% [_] Other [_] ___%

7b. Complete the following section only to direct dividends to a party other than registered owner:

Name _____

Account Number _____

Street Address or P.O. Box _____

City _____ State _____ Zip Code _____

8. ===== BROKER-DEALER =====

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

The Broker-Dealer or authorized representative must sign below to complete order. Broker-Dealer warrants that it is a duly licensed Broker-Dealer and may lawfully offer Shares in the state designated as the investor's address or the state in which the sale was made, if different. The Broker-Dealer or authorized representative warrants that he has reasonable grounds to believe this investment is suitable for the subscriber as defined in Section 3(b) of the Rules of Fair Practice of the NASD Manual and that he has informed subscriber of all aspects of liquidity and marketability of this investment as required by Section 4 of such Rules of Fair Practice.

Broker-Dealer Name	Telephone No. ( )	
Broker-Dealer Street Address or P.O. Box		
City	State	Zip Code
Registered Representative Name	Telephone No. ( )	
Reg. Rep. Street Address or P.O. Box		
City	State	Zip Code

Broker-Dealer Signature, if required	Registered Representative Signature

Please mail completed Subscription Agreement (with all signatures) and check(s) made payable to:

Wells Real Estate Investment Trust, Inc.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
800-448-1010 or 770-449-7800

Overnight address: 6200 The Corners Parkway, Suite 250 Norcross, Georgia 30092	Mailing address: P.O. Box 926040 Norcross, Georgia 30092-9209

FOR COMPANY USE ONLY:

ACCEPTANCE BY COMPANY Amount _____ Date _____

Received and Subscription Accepted: Check No. _____ Certificate No. _____
By: _____ Wells Real Estate Investment Trust, Inc.

Broker-Dealer #	Registered Representative #	Account #

EXHIBIT B

AMENDED AND RESTATED DIVIDEND REINVESTMENT PLAN
As of December 20, 1999

Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), pursuant to its Amended and Restated Articles of Incorporation, adopted a Dividend Reinvestment Plan (the "DRP"), which is hereby amended and restated in its entirety as set forth below. Capitalized terms shall have the same meaning as set forth in the Articles unless otherwise defined herein.

1. Dividend Reinvestment. As agent for the shareholders ("Shareholders") of the Company who (a) purchased shares of the Company's common stock (the "Shares") pursuant to the Company's initial public offering (the "Initial

Offering"), which commenced on January 30, 1998 and will terminate on or before January 30, 2000, (b) purchase Shares pursuant to the Company's second public offering (the "Second Offering"), which will commence immediately upon the termination of the Initial Offering, or (c) purchase Shares pursuant to any future offering of the Company ("Future Offering"), and who elect to participate in the DRP (the "Participants"), the Company will apply all dividends and other distributions declared and paid in respect of the Shares held by each Participant (the "Dividends"), including Dividends paid with respect to any full or fractional Shares acquired under the DRP, to the purchase of the Shares for such Participants directly, if permitted under state securities laws and, if not, through the Dealer Manager or Soliciting Dealers registered in the Participant's state of residence.

2. Effective Date. The effective date of this Amended and Restated Dividend Reinvestment Plan (the "DRP") shall be the date that the Second Offering becomes effective with the Securities and Exchange Commission (the "Commission").

3. Procedure for Participation. Any Shareholder who purchased Shares pursuant to the Initial Offering, the Second Offering or any Future Offering and who has received a prospectus, as contained in the Company's registration statement filed with the Commission, may elect to become a Participant by completing and executing the Subscription Agreement, an enrollment form or any other appropriate authorization form as may be available from the Company, the Dealer Manager or Soliciting Dealer. Participation in the DRP will begin with the next Dividend payable after receipt of a Participant's subscription, enrollment or authorization. Shares will be purchased under the DRP on the date that Dividends are paid by the Company. Dividends of the Company are currently paid quarterly. Each Participant agrees that if, at any time prior to the listing of the Shares on a national stock exchange or inclusion of the Shares for quotation on the National Association of Securities Dealers, Inc. Automated Quotation System ("Nasdaq"), he or she fails to meet the suitability requirements for making an investment in the Company or cannot make the other representations or warranties set forth in the Subscription Agreement, he or she will promptly so notify the Company in writing.

4. Purchase of Shares. Participants will acquire DRP Shares from the Company at a fixed price of $10 per Share until (i) all 2,200,000 of the DRP Shares registered in the Second Offering are issued or (ii) the Second Offering terminates and the Company elects to deregister with the Commission the unsold DRP Shares. Participants in the DRP may also purchase fractional Shares so that 100% of the Dividends will be used to acquire Shares. However, a Participant will not be able to acquire DRP Shares to the extent that any such purchase would cause such Participant to exceed the Ownership Limit as set forth in the Articles.

Shares to be distributed by the Company in connection with the DRP may (but are not required to) be supplied from: (a) the DRP Shares which will be registered with the Commission in connection with the Company's Second Offering, (b) Shares to be registered with the Commission in a Future Offering for use in the DRP (a "Future Registration"), or (c) Shares of the Company's common stock purchased by the Company for the DRP in a secondary market (if available) or on a stock exchange or Nasdaq (if listed) (collectively, the "Secondary Market").

Shares purchased on the Secondary Market as set forth in (c) above will be purchased at the then-prevailing market price, which price will be utilized for purposes of purchases of Shares in the DRP. Shares acquired by the Company on the Secondary Market or registered in a Future Registration for use in the DRP may be at prices lower or higher than the $10 per Share price which will be paid for the DRP Shares pursuant to the Initial Offering and the Second Offering.

If the Company acquires Shares in the Secondary Market for use in the DRP, the Company shall use reasonable efforts to acquire Shares for use in the DRP at the lowest price then reasonably available. However, the Company does not in any respect guarantee or warrant that the Shares so acquired and purchased by

the Participant in the DRP will be at the lowest possible price. Further, irrespective of the Company's ability to acquire Shares in the Secondary Market or to complete a Future Registration for shares to be used in the DRP, the Company is in no way obligated to do either, in its sole discretion.

It is understood that reinvestment of Dividends does not relieve a Participant of any income tax liability which may be payable on the Dividends.

5. Share Certificates. The ownership of the Shares purchased through the DRP will be in book-entry form only until the Company begins to issue certificates for its outstanding common stock.

6. Reports. Within 90 days after the end of the Company's fiscal year, the Company shall provide each Shareholder with an individualized report on his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of Dividend distributions and amounts of Dividends paid during the prior fiscal year. In addition, the Company shall provide to each Participant an individualized quarterly report at the time of each Dividend payment showing the number of Shares owned prior to the current Dividend, the amount of the current Dividend and the number of Shares owned after the current Dividend.

7. Commissions and Other Charges. In connection with Shares sold pursuant to the DRP, the Company will pay selling commissions of 7%; a dealer manager fee of 2.5%; and, in the event that proceeds from the sale of DRP Shares are used to acquire properties, acquisition and advisory fees and expenses of 3.5%, of the purchase price of the DRP Shares.

8. Termination by Participant. A Participant may terminate participation in the DRP at any time, without penalty by delivering to the Company a written notice. Prior to listing of the Shares on a national stock exchange or Nasdaq, any transfer of Shares by a Participant to a non-Participant will terminate participation in the DRP with respect to the transferred Shares. If a Participant terminates DRP participation, the Company will ensure that the terminating Participant's account will reflect the whole number of shares in his or her account and provide a check for the cash value of any fractional share in such account. Upon termination of DRP participation, Dividends will be distributed to the Shareholder in cash.

9. Amendment or Termination of DRP by the Company. The Board of Directors of the Company may by majority vote (including a majority of the Independent Directors) amend or terminate the DRP for any reason upon 10 days' written notice to the Participants.

10. Liability of the Company. The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability; (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Securities Act of 1933, as amended, or the securities act of a sate, the Company has been advised that, in the opinion of the Commission and certain state securities commissioners, such indemnification is contrary to public policy and, therefore, unenforceable.

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Until March 20, 2001 (90 days after the date of this prospectus), all dealers that affect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as soliciting dealers.

We have not authorized any dealer, salesperson or other individual to give any information or to make any representations that are not contained in this prospectus. If any such information or statements are given or made, you should not rely upon such information or representation. This prospectus does not constitute an offer to sell any securities other than those to which this prospectus relates, or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. This prospectus speaks as of the date set forth below. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus implies that the information contained in this prospectus will remain fully accurate and correct as of any time subsequent to the date of this prospectus.

WELLS REAL ESTATE
INVESTMENT TRUST, INC.

Up to 125,000,000 Shares
of Common Stock
Offered to the Public

PROSPECTUS

WELLS INVESTMENT
SECURITIES, INC.

December 20, 2000

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 1 DATED FEBRUARY 5, 2001 TO THE PROSPECTUS
DATED DECEMBER 20, 2000

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) The acquisition by Wells Operating Partnership, L.P. (Wells OP) of a six-story office building in Houston, Texas leased to Stone & Webster, Inc. and SYSCO Corporation (Stone & Webster Building);

(3) The acquisition by Wells OP of an eight-story office building in Minnetonka, Minnesota leased to Metris Direct, Inc. (Metris Minnetonka Building);

(4) The acquisition by the Fund XII-REIT Joint Venture Partnership of a one-story office building and a connecting two-story office building in Oklahoma City, Oklahoma leased to AT&T Corp. and Jordan Associates, Inc. (AT&T Call Center Buildings);

(5) Revisions to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the prospectus;

(6) Statements of revenue over operating expenses for the Stone & Webster Building and the AT&T Call Center Buildings; and

(7) Unaudited Pro Forma Financial Statements for the Wells REIT.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of January 31, 2001, we had received an additional $25,133,848 in gross offering proceeds from the sale of 2,513,385 shares in the third offering. Accordingly, as of January 31, 2001, we had received in the aggregate approximately $332,544,960 in gross offering proceeds from the sale of 33,254,496 shares of our common stock.

Stone & Webster Building

Purchase of the Stone & Webster Building. On December 21, 2000, Wells OP, the operating partnership for the Wells REIT, purchased a six-story office building with approximately 312,564 rentable square feet located at 1430 Enclave Parkway, Houston, Harris County, Texas. Wells OP purchased this building from Cardinal Paragon, Inc. (Cardinal) pursuant to that certain Agreement of Purchase and Sale of Property between Cardinal and Wells OP. Cardinal purchased the Stone & Webster Building in a sale-leaseback transaction from Enclave Parkway Realty, Inc., an affiliate of Stone & Webster, Inc. (Stone & Webster), on December 21, 2000. Cardinal is not in any way affiliated with the Wells REIT or our Advisor, Wells Capital, Inc.

The purchase price for the Stone & Webster Building was $44,970,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Stone & Webster Building, including attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of

approximately $45,000. In order to finance part of the acquisition of the Stone & Webster Building, Wells OP obtained an acquisition loan of $35,900,000 from Guaranty Federal Bank, F.S.B. (Guaranty Federal Loan) and $3,000,000 in seller financing from Cardinal (Seller Financing).

An independent appraisal of the Stone & Webster Building was prepared by Abbot & Associates, Inc., real estate appraisers, as of November 20, 2000, pursuant to which the market value of the 9.96 acre parcel of land containing the leased fee interest subject to the leases described below was estimated to be $46,500,000 and the additional 4.34 acre parcel of land (described below) was estimated to be $1,890,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Stone & Webster Building will continue operating at a stabilized level with the tenants described below occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the Stone & Webster Building were satisfactory.

Description of the Loans. The Guaranty Federal Loan in the amount of $35,900,000 requires monthly payments of interest only and matures on December 20, 2001. In the event that the principal balance of the loan is not repaid in full by March 31, 2001, Wells OP is required to make a principal payment of $6,000,000 on such date. The interest rate on the Guaranty Federal Loan is a variable rate equal to the London InterBank Offered Rate (LIBOR) for a 30-day period plus 250 basis points if the principal balance of the loan is in excess of $25,900,000; 200 basis points if the principal balance of the loan is between $24,195,001 and $25,900,000; and 180 basis points if the principal balance of the loan is less or equal to $24,195,000. As of January 31, 2001, the principal balance of the Guaranty Federal Loan was $24,100,000. Wells OP has secured separate interest rates for two portions of the Guaranty Federal Loan, each having an interest rate of LIBOR plus 180 basis points on the date the rate for such portion was secured. As of January 31, 2001, the interest rate on the Guaranty Federal Loan was 7.61% per annum on the first $21,900,000 of the principal loan balance and 7.66% per annum on the remaining $2,200,000 of the principal balance. The Guaranty Federal Loan is secured by a first priority mortgage against the Stone & Webster Building.

The Seller Financing consists of a $3,000,000 loan to Wells OP from Cardinal. The Seller Financing requires the payment of the full principal balance plus accrued interest on the earlier of: (i) December 20, 2001, or (ii) the date that the Guaranty Federal Loan is repaid in full. The interest rate on the Seller Financing is 6% per annum. The Seller Financing is secured by a second priority mortgage against the Stone & Webster Building.

Description of the Stone & Webster Building and Site. The Stone & Webster Building, which was completed in 1994, is a six-story office building containing approximately 312,564 rentable square feet located on a 9.96 acre tract of land. In addition, this site includes 4.34 acres of unencumbered land available for expansion. The first four floors of the Stone & Webster Building are occupied by Stone & Webster, and the fifth and sixth floors are occupied by SYSCO Corporation (SYSCO).

Location of the Stone & Webster Building. The Stone & Webster Building is located in a growing area with nearby access to the Houston freeway system, employment centers and shopping centers. The site is within two miles of Interstate 10 near the intersection of Briar Forest Drive and Dairy Ashford Road. There is a planned development to the southeast of the site known as Westchase which comprises 1,347 acres of land developed for a variety of uses such as high-rise office buildings, office/warehouse buildings, apartment complexes, condominium projects, retail shopping centers and hotels.

The Stone & Webster Lease. Stone & Webster occupies 206,048 rentable square

feet (floors 1 through 4) of the Stone & Webster Building under an Office Building Lease between Wells OP and Stone & Webster entered into at closing. The current term of the Stone & Webster lease is ten years, which commenced on December 21, 2000, and expires on December 20, 2010. Stone & Webster has the right to extend the Stone & Webster lease for two additional five-year periods of time for a base rent equal to the greater of (i) the last year's rent, or (ii) the then-current fair market rental value. In the event that the parties cannot agree upon the fair market rental value, such value shall be determined in accordance with the appraisal procedure contained in the Stone & Webster lease.

Stone & Webster is a full-service engineering and construction company offering managerial and technical resources for solving complex energy, environmental, infrastructure and industrial challenges. Stone & Webster, which was founded in 1889 as an electrical testing laboratory and consulting firm, has evolved into a global organization employing more than 5,000 people worldwide.

The Stone & Webster lease is guaranteed by The Shaw Group, Inc., the parent company of Stone & Webster. Shaw Group is the largest supplier of fabricated piping systems and services in the world. Shaw Group distinguishes itself by offering comprehensive solutions consisting of integrated engineering and design, pipe fabrication, construction and maintenance services and the manufacture of specialty pipe fittings and supports to the power generation, crude oil refining, chemical and petrochemical processing and oil and gas exploration and production industries. Shaw Group has approximately 13,000 employees with offices in the United States, Australia, Canada, the United Kingdom, Venezuela and Bahrain. Shaw Group reported net income of approximately $18.1 million on revenues of approximately $494 million for the fiscal year 1999, and reported a net worth, as of December 31, 1999, of over $174 million.

The annual base rent payable under the Stone & Webster lease is $4,533,056 ($22 per square foot) payable in monthly installments of $377,754.67 for the first five years of the lease term and $5,213,014 ($25.30 per square foot) payable in monthly installments of $434,417.83 for the remainder of the lease term.

Pursuant to the Stone & Webster lease, Stone & Webster is required to pay its proportionate share of taxes relating to the Stone & Webster Building and all operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including garbage and waste disposal, janitorial service and window cleaning, security, insurance, water and sewer charges, wages, salaries and employee benefits of all employees engaged in the operation, maintenance and management of the building, indoor and outdoor landscaping, utilities and repairs, replacements and general maintenance. Wells OP, as the landlord, will be responsible for maintaining the common areas of the building, the roof, foundation, exterior walls and windows, load bearing items and the central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems of the building.

The SYSCO Lease. SYSCO currently occupies 106,516 rentable square feet (floors 5 and 6) of the Stone & Webster Building under a Lease Agreement. The landlord's interest in the SYSCO lease was assigned to Wells OP at the closing. The initial term of the SYSCO lease is ten years, which commenced on October 1, 1998, and expires on September 30, 2008.

SYSCO is the largest marketer and distributor of foodservice products in North America. SYSCO operates from 101 distribution facilities and provides its products and services to about 356,000 restaurants and other users across the United States and portions of Canada. SYSCO distributes a wide variety of fresh and frozen meats, seafood, poultry, fruits and vegetables, plus bakery products, canned and dry foods, paper and disposable products, sanitation items, dairy foods, beverages, kitchen and tabletop equipment, as well as medical and surgical supplies. SYSCO reported net income of approximately $362 million on revenues of approximately $17 billion for the fiscal year ending July 2000, and reported a net worth, as of June 30, 2000, of over $1.4 billion.

The annual base rent payable under the SYSCO lease is $2,130,320 ($20 per

square foot) payable in monthly installments of $177,526.67 for the first five years of the lease term and $2,236,836 ($21 per square foot) payable in monthly installments of $186,403 for the remainder of the lease term.

Pursuant to the SYSCO lease, SYSCO is required to pay its proportionate share of taxes and operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including supplies and materials, utilities, insurance and repairs, replacements, general maintenance and wages and salaries (including management fees not to exceed 3% of gross revenues attributable to the building) of all employees engaged in maintaining and operating the Stone & Webster Building. Wells OP, as the landlord, will be responsible for maintaining the common areas of the building, the roof, foundation, exterior walls and windows, load bearing items and the central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems of the building.

Metris Minnetonka Building

Purchase of the Metris Minnetonka Building. On December 21, 2000, Wells OP purchased a nine-story office building with approximately 300,633 rentable square feet located at 10900 Wayzata Boulevard, Minnetonka, Minnesota. Wells OP purchased the Metris Minnetonka Building from Opus Northwest, L.L.C. (Opus), pursuant to that certain Purchase Agreement dated October 31, 2000 (Metris Agreement) between Opus and the Advisor. Opus is not in any way affiliated with the Wells REIT or the Advisor.

The rights under the Metris Agreement were assigned by the Advisor, the original purchaser under the Metris Agreement, to Wells OP at closing. The purchase price for the Metris Minnetonka Building was $52,800,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Metris Minnetonka Building, including attorneys' fees, recording fees, loan fees, and other closing costs, of approximately $100,000. In order to finance the acquisition of the Metris Minnetonka Building, Wells OP obtained $52,800,000 in loan proceeds by drawing down on an existing line of credit with SouthTrust Bank, N.A.

An independent appraisal of the Metris Minnetonka Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of October 26, 2000, pursuant to which the market value of the land and the leased fee interest subject to the lease described below was estimated to be $52,800,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Metris Minnetonka Building will continue operating at a stabilized level with Metris Direct, Inc. (Metris) occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing

that the condition of the land and the Metris Minnetonka Building were satisfactory.

Description of the Metris Minnetonka Building and Site. As set forth above, the Metris Minnetonka Building is a nine-story office building containing approximately 300,633 rentable square feet. The Metris Minnetonka Building was completed in August 2000. The Metris Minnetonka Building is leased to Metris as its corporate headquarters. The Metris Minnetonka Building is Phase II of a two phase office complex known as Crescent Ridge Corporate Center. Phase I of Crescent Ridge Corporate Center is an eight-story multi-tenant building which is connected to the Metris Minnetonka Building by a single-story restaurant link building. Neither Phase I of Crescent Ridge Corporate Center nor the connecting restaurant are owned by Wells OP.

The Metris Minnetonka Building is constructed of steel frames with reinforced concrete masonry floors and roofs. The exterior is earth tone cast stone and reflective glass with marble medallion accents. The building features state of the art technology capabilities, including fiber optic cabling,

individual heating and cooling controls for every 1,200 square feet of tenant space, a combination of fluorescent and parabolic lighting, a wet sprinkler system, and four computer-controlled traction passenger elevators with 2,500 pound maximum capacity. Each floor contains approximately 34,000 square feet. The office areas and hallways are carpeted, the flooring in the restrooms is ceramic tile and the flooring in the lobby is natural stone. Drop acoustical ceilings are installed in the office areas at the nine foot level. Other amenities at the Metris Minnetonka Building include a conference center, a full service cafeteria, two-story vaulted lobbies, a fitness area and locker facilities and a card access system. The Metris Minnetonka Building is located on an irregularly shaped 13.58 acre site which overlooks a large adjoining wetland area.

Location of the Metris Minnetonka Building. The Metris Minnetonka Building is located in Minnetonka, Minnesota, which is a western suburb of Minneapolis. The site is located within the Interstate 394 corridor at the northeast corner of Interstate 394 and County Road 73 (Hopkins Crossroads). The Interstate 394 corridor contains approximately 6,500,000 square feet in office space and is an attractive location for, among other reasons, its proximity to Minneapolis/St. Paul, its proximity to executive housing around Lake Minnetonka and the Minneapolis lakes area and its proximity and accessibility to labor markets. Among other corporate headquarter locations located within the Interstate 394 corridor are Cargill, Carlson Companies, General Mills, Life USA and Travelers Express. There are significant limitations on new developments within the Interstate 394 corridor which is anticipated to result in a supply constrained situation and projected low vacancy rates.

Description of Metris Lease. Metris occupies all 300,633 rentable square feet of the Metris Minnetonka Building pursuant to that certain Multitenant Office Lease Agreement dated March 29, 1999. The Metris lease commenced on September 1, 2000 and has an expiration date of December 31, 2011. Metris has the right to renew the Metris lease for an additional five-year term with not less than 18 months notice prior to the expiration of the initial term at fair market rent, but in no event less than the basic rent payable in the immediate preceding period. In the event that the parties cannot agree upon the fair market rent for the renewal term, the fair market rent will be determined in accordance with the appraisal provisions of the Metris lease.

Metris is a principal subsidiary of Metris Companies, Inc. (Metris Companies), a publicly traded company listed on the New York Stock Exchange (symbol MXT) which has guaranteed the Metris lease. Metris Companies is an information-based direct marketer of consumer credit products and fee based services primarily to moderate income consumers. Metris Companies consumer credit products are primarily unsecured credit cards issued by its subsidiary, Direct Merchants Credit Card Bank. Metris Companies customers and prospects include individuals for whom credit bureau information is available and existing customers of a former affiliate, Fingerhut Corporation. Metris Companies markets its fee

based services, including debt waiver programs (credit insurance for death or disability), membership clubs, extended service plans and third party insurance, to its credit card customers. For calendar year 1999, Metris Companies had net income of approximately $115 million on revenues of approximately $1.369 billion, and reported a net worth, as of December 31, 1999, of approximately $623 million. Metris Companies employs approximately 3,400 people. Metris Companies carries a B+ rating by S & P for its senior debt, with a stable outlook.

Rental income for the initial 136-month term is summarized as follows:

Dates	Annual Net Rent	PSF
Sept. '00 - Dec. '06	$4,960,445	$16.50
Jan. '07 - Dec. '09	$5,576,742	$18.55

Jan. '10 - Dec. '10	$6,178,008	$20.55
Jan. '11 - Dec. '11	$6,478.641	$21.55

While Metris was granted certain rental concessions under the Metris lease, Opus, the seller, has agreed to cover the free rent, so as to yield the above net effective rates to Wells OP. In addition, Metris is required to pay annual parking and storage fees of $132,384 through December 2006 and $164,052 payable on a monthly basis for the remainder of the lease term.

Pursuant to the Metris lease, Metris is required to pay 100% of operating costs incurred by the landlord in maintaining and operating the Metris Minnetonka Building, including all property taxes, insurance premiums, maintenance and repair costs, steam, electricity, water, sewer, gas and other utility charges, fuel, lighting, window washing, janitorial services and reasonable management fees (not to exceed 1.75% of gross revenues from the Metris Minnetonka Building). Wells OP, as the landlord, will be responsible for repair and maintenance of the foundations, exterior walls and roof of the Metris Minnetonka Building and the electrical, mechanical, plumbing, heating and air conditioning systems.

The Metris lease also contains a construction warranty pursuant to which the landlord has warranted to Metris that the tenant improvements and related materials, equipment and installation shall be free from defects in workmanship and shall conform to the plans and specifications. The landlord is obligated to repair, correct or replace, as necessary, any defective item occasioned by a breach of such warranty if notified by Metris within one year from the commencement date of the Metris lease. Pursuant to the Metris Agreement, however, Opus has assumed the obligation for any such repairs so long as Wells OP notifies Opus of any claims by Metris under the construction warranty no later than January 20, 2002.

AT&T Call Center Buildings

Purchase of the AT&T Call Center Buildings. On December 28, 2000, the Wells Fund XII - REIT Joint Venture Partnership (Fund XII-REIT Joint Venture), a joint venture between Wells OP and Wells Real Estate Fund XII, L.P. (Wells Fund XII), acquired a one-story office building and a two-story office building containing an aggregate of approximately 128,500 rentable square feet located at 3201 Quail Springs Parkway, Oklahoma City, Oklahoma. The Fund XII-REIT Joint Venture purchased the AT&T Call Center Buildings from OKC Real Estate Investments, Inc. (OKC) pursuant to that certain Agreement for the Purchase and Sale of Property between OKC, as seller, and the Advisor, as purchaser. OKC is not in any way affiliated with the Registrant or the Advisor.

The Advisor, the original purchaser under the agreement, assigned its rights under the agreement to the Fund XII-REIT Joint Venture at closing. The Fund XII-REIT Joint Venture paid a purchase price of $15,300,000 for the AT&T Call Center Buildings and incurred additional acquisition expenses in

connection with the purchase of the AT&T Call Center Buildings, including attorneys' fees, recording fees and other closing costs, of approximately $27,554.

Wells OP made a capital contribution of $6,736,554 and Wells Fund XII made a capital contribution of $8,591,000 to the Fund XII-REIT Joint Venture to fund their respective shares of the acquisition costs for the AT&T Call Center Buildings.

Description of the AT&T Call Center Buildings and the Site. As set forth above, the AT&T Call Center Buildings consist of a one-story office building and a two-story office building containing approximately 50,000 and 78,500 rentable square feet, respectively, on a 11.34 acre tract of land. Construction on the buildings was completed in April 1998 and December 2000, respectively. The two adjacent buildings are connected by a mutual hallway. Both buildings are

constructed using a steel frame with steel beams on a concrete slab with concrete footings. The exterior walls are made of tilt-up concrete panels with punched openings around the perimeter. The windows consist of tempered glass in aluminum frames. The interior walls consist of gypsum board covered with semi-gloss enamel paint. In addition, the two-story office building contains a fully equipped cafeteria and an elevator. There are approximately 775 paved surface parking spaces at the site.

The AT&T Call Center Buildings are located in the Quail Springs Office Park North in Oklahoma City, Oklahoma. Quail Springs Office Park North is located in the northwest sector of Oklahoma City, approximately eight to 11 miles northwest of the central business district. Oklahoma City is known for its competitive real estate prices, available space for business, supportive governmental services, good labor quality and diversified economic base. The city's largest employers include the State of Oklahoma, Avaya, Inc., Southwestern Bell Telephone and General Motors Corporation.

An independent appraisal of the AT&T Call Center Buildings was prepared by Isaacs & Associates, real estate appraisers and consultants, as of July 14, 2000, pursuant to which the market value of the land and the leased fee interest subject to the AT&T lease and the Jordan lease (described below) was estimated to be $15,400,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the AT&T Call Center Buildings will continue operating at a stabilized level with tenants occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. The Fund XII-REIT Joint Venture also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the AT&T Call Center Buildings were satisfactory.

The AT&T Lease. The entire 78,500 rentable square feet of the two-story office
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building and 25,000 rentable square feet of the one-story office building are currently under a net lease agreement with AT&T Corp. (AT&T). The landlord's interest in the AT&T lease was assigned to the Fund XII-REIT Joint Venture at the closing. The AT&T lease commenced on April 1, 2000, and the initial term expires on November 30, 2010. AT&T has the right to extend the AT&T lease for two additional five-year periods of time at the then-current fair market rental rate upon delivering written notice within 240 days prior to lease expiration.

AT&T is among the world's leading voice and data communications companies, serving consumers, businesses and governments worldwide. AT&T has one of the largest digital wireless networks in North America and is one of the leading suppliers of data and internet services for businesses. In addition, AT&T offers outsourcing, consulting and networking-integration to large businesses and is one of the largest direct internet access service providers for consumers in the United States. During fiscal year 1999, AT&T had net income of approximately $3.43 billion on revenues of over $62.39 billion.

The base rent payable for the initial lease term of the AT&T lease is as follows:

Lease Months	Annual Rent	Rentable Square Feet/Year
Months 1 to 8*	$ 300,000	$12.00
Months 9 to 35	$1,242,000	$12.00
Months 36 to 65	$1,293,750	$12.50
Months 66 to 95	$1,345,500	$13.00
Months 96 to 125	$1,397,250	$13.50

*For occupancy of 25,000 square feet of the one-story office building only.

Under the AT&T lease, AT&T is required to pay, as additional monthly rent, its gas, water and electricity costs and all operating expenses, including but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies and such other operating expenses with respect to its portion of the AT&T Call Center Buildings. In addition, AT&T is responsible for all routine maintenance and repairs to its portion of the AT&T Call Center Buildings. The Fund XII-REIT Joint Venture, as landlord, will be responsible for the repair and replacement of the roof, foundation, load bearing items, exterior surface walls, plumbing, pipes, conduits and electrical, mechanical and plumbing systems of the AT&T Call Center Buildings. AT&T must obtain written consent from the Fund XII-REIT Joint Venture before making any alterations to the premises in excess of $10,000.

AT&T has a right of first offer to lease the remainder of the space in the one-story office building currently occupied by Jordan Associates, Inc. (Jordan), as described below, if Jordan vacates the premises.

The Jordan Lease. Jordan currently occupies the remaining 25,000 rentable square feet contained in the one-story office building under a net lease agreement. The landlord's interest in the Jordan lease was also assigned to the Fund XII-REIT Joint Venture at the closing. The Jordan lease commenced on April 1, 1998, and the initial term expires on March 31, 2008. Jordan has the right to extend the Jordan lease for one additional five-year period of time at the then-current fair market rental rate upon delivering written notice within 240 days prior to expiration of the initial lease term.

Jordan provides businesses with advertising and related services including public relations, research, direct marketing and sales promotion. Through this corporate office and other offices in Tulsa, St. Louis, Indianapolis and Wausau, Wisconsin, Jordan provides services to major clients such as Bank One, Oklahoma, N.A., BlueCross & BlueShield of Oklahoma, Kraft Food Services, Inc., Logix Communications and the American Dental Association. Jordan employs approximately 100 employees and has been in business for over 35 years.

The base rent payable for the initial lease term of the Jordan lease is as follows:

Lease Months	Annual Rent	Rentable Square Feet/Year
Months 1 to 60	$294,500	$11.78
Months 61 to 120	$332,000	$13.28

Under the Jordan lease, Jordan is required to pay as additional monthly rent its gas, water and electricity costs and all operating expenses, including, but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and

other governmental levies and such other operating expenses with respect to its portion of the one-story building. In addition, Jordan is responsible for all routine maintenance and repairs to its portion of the one-story building. The Fund XII-REIT Joint Venture, as landlord, will be responsible for the repair and replacement of the roof, foundation, load bearing items, exterior surface walls, plumbing, pipes, conduits and electrical, mechanical and plumbing systems of the AT&T Call Center Buildings.

Property Fees

Wells Management Company, Inc. (Wells Management), an affiliate of the Advisor to Wells REIT, has been retained to manage and lease both the Stone & Webster Building and the Metris Minnetonka Building. The Wells REIT shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Stone & Webster Building and the Metris Minnetonka Building, subject to certain limitations.

Wells Management has also been retained to manage and lease the AT&T Call Center Buildings. The Fund XII-REIT Joint Venture will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the AT&T Call Center Buildings, subject to certain limitations.

Management's Discussion and Analysis of Financial Condition and Results of Operation

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

> We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares pursuant to our initial public offering, which commenced on January 30, 1998. We terminated our initial public offering on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. On December 20, 1999, we commenced a follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. We terminated our follow-on public offering on December 19, 2000. Of the $175,229,193 raised in the follow-on offering, we invested a total of $147,192,522 in properties.
>
> Pursuant to the prospectus, we commenced this third offering of shares of our common stock on December 20, 2000. As of January 31, 2001, we had received an additional $25,133,848 in gross offering proceeds from the sale of 2,513,385 shares in the third offering. As of January 31, 2001, we had raised in the aggregate a total of $332,544,960 in offering proceeds through the sale of 33,254,496 shares of common stock. As of January 31, 2001, we had paid a total of $11,586,654 in acquisition and advisory fees and acquisition expenses, had paid a total of $41,380,909 in selling commissions and organizational and offering expenses, had made capital contributions of $272,237,045 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $1,497,691 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $5,842,661 available for investment in additional properties.

Financial Statements

The statements of revenues over certain operating expenses of the Stone & Webster Building and the AT&T Call Center Buildings for the year ended December 31, 1999, included in this supplement and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in this supplement in reliance upon the authority of said firm as experts in giving said reports.

The statements of revenues over certain operating expenses of the Stone & Webster Building and the AT&T Call Center Buildings for the nine months ended September 30, 2000, included in this supplement and elsewhere in the registration statement have not been audited.

The Pro Forma Statements of Income and Pro Forma Balance Sheet of the Wells REIT as of December 31, 1999 and September 30, 2000, which are included in this supplement, have not been audited.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the STONE & WEBSTER BUILDING for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is

free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Stone & Webster Building after acquisition by the Wells Operating Partnership, L.P. (on behalf of Wells Real Estate Investment Trust, Inc.). The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Stone & Webster Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Stone & Webster Building for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 19, 2001

STONE & WEBSTER BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	2000	1999
	(Unaudited)	
RENTAL REVENUES	$1,637,685	$2,183,580
OPERATING EXPENSES, net of reimbursements	1,250,097	1,666,796
REVENUES OVER CERTAIN OPERATING EXPENSES	$ 387,588	$ 516,784

The accompanying notes are an integral part of these statements.

STONE & WEBSTER BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000 (UNAUDITED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On December 21, 2000, the Wells Operating Partnership L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate, and manage real properties on behalf of the Wells Real Estate Investment Trust, Inc., acquired the Stone & Webster Building from Cardinal Paragon, Inc. ("Cardinal"). Cardinal is not an affiliate of Wells OP. The total purchase price of the Stone & Webster Building was $44,970,000. Wells OP incurred additional acquisition expenses in connection with the purchase of the Stone & Webster Building, including attorney's fees, recording fees, loan fees, and other closing costs, of approximately $45,000. The funds used to purchase the Stone & Webster Building consisted of cash and proceeds from notes payable to Guarantee Federal Bank, F.S.B. and Cardinal.

Stone & Webster, Inc. ("Stone & Webster") occupies 206,048 of the entire 312,564 rentable square feet of the Stone & Webster Building under an office building lease between Wells OP and Stone & Webster (the "Stone & Webster Lease") entered into at closing. The current term of the Stone & Webster Lease is ten years, which commenced on December 28, 2000 and expires on December 31, 2010. Stone & Webster has the right to extend the Stone & Webster Lease for two additional five-year periods for a base rent equal to the greater of (i) the last year's rent, or (ii) the then-current "fair market rental value." In the event that the parties cannot agree upon the fair market rental value, such value shall be determined in accordance with the appraisal procedure contained in the Stone & Webster Lease. The Stone & Webster Lease is guaranteed by The Shaw Group, Inc., the parent company of Stone & Webster. Pursuant to the Stone & Webster Lease, Stone & Webster is required to pay its proportionate share of property taxes relating to the Stone & Webster Building and all operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including garbage and waste disposal, janitorial service and window cleaning, security, insurance, water and sewer charges, wages, salaries, and employee benefits of all employees engaged in the operation, maintenance and management of the building, indoor and outdoor landscaping, utilities and repairs, replacements and general maintenance.

SYSCO occupies the remaining 106,516 rentable square feet of the Stone & Webster Building under a Lease Agreement (the "SYSCO Lease"). The landlord's interest in the SYSCO Lease was assigned to Wells OP at the closing. The initial term of the SYSCO Lease is ten years, which commenced on October 1, 1998, and expires on September 20, 2008. Pursuant to the SYSCO Lease, SYSCO is required to pay its proportionate share of property taxes and operating costs incurred by the landlord in maintaining and operating the Stone & Webster Building, including supplies and materials, utilities, insurance and repairs, replacements, general maintenance and wages and salaries (including management fees not to exceed 3% of gross revenues attributable to the building) of all employees engaged in such operation.

Rental Revenues

Rental income from leases is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is

presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Stone & Webster Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XII, L.P. and
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the AT&T CALL CENTER BUILDINGS for the year ended December 31, 1999. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the AT&T Call Center Buildings after acquisition by the Wells Fund XII--REIT Joint Venture. The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the AT&T Call Center Buildings' revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the AT&T Call Center Buildings for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 19, 2001

AT&T CALL CENTER BUILDINGS

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31,1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	2000	1999
	(Unaudited)	
RENTAL REVENUES	$867,914	$313,250
OPERATING EXPENSES, net of reimbursements	6,273	20,155
REVENUES OVER CERTAIN OPERATING EXPENSES	$861,641	$293,095

The accompanying notes are an integral part of these statements.

AT&T CALL CENTER BUILDINGs

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1999

AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000 (UNAUDITED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On December 28, 2000, the Wells Fund XII-REIT Joint Venture (the "Joint Venture") acquired the AT&T Call Center Buildings from OKC Real Estate Investments, Inc. ("OKC"). The Joint Venture is a joint venture partnership between Wells Real Estate Fund XII, L.P. ("Wells Fund XII") and Wells Operating Partnership, L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc. OKC is not an affiliate of Wells Fund XII or Wells OP. The total purchase price of the AT&T Call Center Buildings was $15,300,000. Additional acquisition expenses incurred in connection with the purchase of the AT&T Call Center Buildings, included attorney's fees, recording fees, loan fees, and other closing costs, of approximately $28,000. Wells Fund XII contributed $8,591,000, and Wells OP contributed $6,737,000 to the Joint Venture for their respective shares of the purchase of the AT&T Call Center Buildings.

AT&T Corp. ("AT&T") occupies the entire 78,500 rentable square feet of the two-story office building and 25,000 rentable square feet of the one-story office building under a net lease agreement (the "AT&T Lease"). The landlord's interest in the AT&T Lease was assigned to the Joint Venture at the closing. The initial term of the AT&T Lease commenced on April 1, 2000 and expires on November 30, 2010. AT&T has the right to extend the AT&T Lease for two additional five-year periods at the then-current fair market rental rate upon delivering written notice within 240 days prior to expiration of the lease. Under the AT&T lease, AT&T is required to pay, as additional monthly rent, its gas, water, and electricity costs and all operating expenses, including, but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies, and such other operating expenses with respect to its portion of the AT&T Call Center Buildings. In addition, AT&T is responsible for all routine maintenance and repairs to its portion of the AT&T Call Center Buildings.

Jordan Associates, Inc. ("Jordan") currently occupies the remaining 25,000 rentable square feet contained in the one-story building under a net lease agreement (the "Jordan Lease"). The landlord's interest in the Jordan lease

was also assigned to the Fund XII-REIT Joint Venture at the closing. The initial term of the Jordan Lease commenced on April 1, 1998 and expires on March 31, 2008. Jordan has the right to extend the Jordan lease for one additional five-year period at the then-current fair market rental rate upon delivering written notice within 240 days prior to expiration of the initial lease term. Under the Jordan Lease, Jordan is required to pay as additional monthly rent, its gas, water, and electricity costs, and all operating expenses, including, but not limited to, garbage and waste disposal, telephone, sprinkler service, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies, and such other operating expenses with respect to its portion of the AT&T Call Center Buildings. In addition, Jordan is responsible for all routine maintenance and repairs to its portion of the AT&T Call Center Buildings.

Rental Revenues

Rental income from leases is recognized on a straight-line basis over the life of the lease.

2. BASIS OF ACCOUNTING

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, the statement excludes certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the AT&T Call Center Buildings after acquisition by the Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma balance sheet as of September 30, 2000 has been prepared to give effect to the acquisition of the Motorola Plainfield Building ("Prior Acquisition"), the Stone & Webster Building, and the Metris Minnetonka Building by the Wells Operating Partnership, L.P. ("Wells OP"), and the AT&T Call Center Buildings by the Wells XII-REIT Joint Venture (a joint venture between the Wells OP and Wells Real Estate Fund XII, L.P.), as if the acquisitions occurred on September 30, 2000. The following unaudited pro forma statements of income (loss) for the year ended December 31, 1999 for and the nine months ended September 30, 2000 have been prepared to give effect to the acquisition of the Dial Building, the ASML Building, the Motorola Tempe Building, the Motorola Plainfield Building (together, the "Prior Acquisitions"), the Stone & Webster Building, the Metris Minnetonka Building and the AT&T Call Center Buildings as if each acquisition occurred on January 1, 1999.

Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells OP.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisitions been consummated at the beginning of the period presented.

As of September 30, 2000, the date of the accompanying pro forma balance sheet, Wells OP held cash of $12,257,161. The additional cash used to purchase the Stone & Webster Building, the Metris Minnetonka Building, and the AT&T Call Center Buildings including deferred project costs paid to Wells Capital, Inc. (an affiliate of Wells OP), was raised through the issuance of additional shares subsequent to September 30, 2000, but prior

to the acquisition dates of December 21, 2000, December 21, 2000, and December 28, 2000, respectively. This balance is reflected in due to affiliates in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 2000

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisition	Pro Forma Adjustments: Stone & Webster	Pro Forma Adjustments: Metris Minnetonka	Pro Forma Adjustments: AT&T Call Center Buildings	Pro Forma Total
REAL ESTATE ASSETS, at cost:						
Land	$ 21,695,304	$9,652,500(a) 402,509(b)	$7,100,000(a) 296,070(b)	$ 7,700,000(a) 321,090(b)	0	$ 47,167,473
Buildings less accumulated depreciation of $6,810,792	188,671,038	24,525,641(a) 1,022,719(b)	37,914,954(a) 1,581,054(b)	45,151,969(a) 1,882,837(b)	0	300,750,212
Construction in progress	295,517	0	0	0	0	295,517
Total real estate assets	210,661,859	35,603,369	46,892,078	55,055,896	0	348,213,202
INVESTMENT IN JOINT VENTURES	36,708,242	0	0	0	7,017,244(e)	43,725,486
CASH AND CASH EQUIVALENTS	12,257,161	(10,753,381)(a) (954,223)(b) (82,973)(c)	(466,584)(a)	0	0	0
DEFERRED OFFERING COSTS	1,108,206	0	0	0	0	1,108,206
DEFERRED PROJECT COSTS	471,005	(471,005)(b)	0	0	0	0
DUE FROM AFFILIATES	859,515	0	0	0	0	859,515
PREPAID EXPENSES AND OTHER ASSETS	6,344,905	82,973(c)	0	0	0	6,427,878
Total assets	$268,410,893	$23,424,760	$46,425,494	$55,055,896	$7,017,244	$400,334,287

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Pro Forma Adjustments: Stone & Webster	Pro Forma Adjustments: Metris Minnetonka	Pro Forma Adjustments: AT&T Call Center Buildings	Pro Forma Total
LIABILITIES:						
Accounts payable and accrued expenses	$ 975,821	$ 424,760(a)(d)	$ 0	$ 0	$ 0	$ 1,400,581
Notes payable	38,909,030	23,000,000(a)	38,900,000(a)	52,850,000(a)	0	153,659,030
Dividends payable	4,475,982	0	0	0	0	4,475,982
Due to affiliate	1,372,508	0	5,648,370(a) 1,877,124(b)	1,969(a) 2,203,927(b)	6,736,554(a) 280,690(b)	18,121,142
Total liabilities	45,733,341	23,424,760	46,425,494	55,055,896	7,017,244	177,656,735
COMMITMENTS AND CONTINGENCIES						
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	0	0	200,000
SHAREHOLDERS' EQUITY:						
Common shares, $.01 par value; 40,000,000 shares authorized, 13,471,085 shares issued and outstanding	261,748	0	0	0	0	261,748
Additional paid-in capital	222,215,804	0	0	0	0	222,215,804
Retained earnings	0	0	0	0	0	0

Total shareholders' equity	222,477,552	0	0	0	0	222,477,552
Total liabilities and shareholders' equity	$268,410,893	$23,424,760	$46,425,494	$55,055,896	$7,017,244	$400,334,287

(a) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price for the building.

(b) Reflects deferred project costs allocated to the land and building at approximately 4.17% of the purchase price.

(c) Reflects loan fees incurred in connection with the receipt of loan proceeds from the SouthTrust Bank, N.A., line of credit.

(d) Reflects assumption of obligation of Wells OP to reimburse the tenant of certain rent payments required of it under its prior lease.

(e) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells Fund XII-REIT Joint Venture

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Stone & Webster	Metris Minnetonka	AT&T Call Center Buildings	Pro Forma Total
REVENUES:						
Rental income	$4,735,184	$7,366,142(a)	$ 2,183,580(a)	$ 0	$ 0	$14,284,906
Equity in income (loss) of joint ventures	1,243,969	0	0	0	(121,813)(l)	1,122,156
Interest income	502,993	0	0	0	0	502,993
Other income	13,249	0	0	0	0	13,249
	6,495,395	7,366,142	2,183,580	0	(121,813)	15,923,304
EXPENSES:						
Depreciation and amortization	1,726,103	2,864,752(b) 23,706(c)	1,579,840(b)	1,881,392(b)	0	8,075,793
Interest	442,029	2,758,350(d) 450,000(e) 1,787,100(f)	3,279,080(j)	3,762,920(k)	0	12,479,479
Operating costs, net of reimbursements	(74,666)	(60,400)(g) 10,916 (h)	1,666,796(h)	34,092(h)	0	1,576,738
Management and leasing fees	257,744	315,537 (i)	98,261(i)	0	0	671,542
General and administrative	123,776	0	0	0	0	123,776
Legal and accounting	115,471	0	0	0	0	115,471
Computer costs	11,368	0	0	0	0	11,368
Amortization of organizational costs	8,921	0	0	0	0	8,921
	2,610,746	8,149,961	6,623,977	5,678,404	0	23,063,088
NET INCOME (LOSS)	$3,884,649	$ (783,819)	$(4,440,397)	$(5,678,404)	$ (121,813)	$(7,139,784)
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.50					
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(m)						$ (0.24)(m)
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(n)						$ (0.23)(n)

(a) Rental income is recognized on a straight-line basis.

(b) Depreciation expense on the building is recognized using the straight-line method and a 25 year life.

(c) Amortization of loan costs over term of SouthTrust Bank, N.A. line of

credit.

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 7.77% for the year ended December 31, 1999.

(e) Interest expense on the $5,000,000 note payable with Ryan Companies U.S., Inc., the seller, which bears interest at 9% for the year ended December 31, 1999.

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 7.77% for the year ended December 31, 1999.

(g) Consists of ground lease and insurance expense for the ASML Building and the Motorola Tempe Building, net of tenant reimbursements.

(h) Consists of non-reimbursable operating expenses.

(i) Management and leasing fees equal approximately 4.5% of rental income.

(j) Interest expense on the $3,000,000 note payable to Cardinal Paragon, Inc. and $35,900,000 note payable to Guaranteed Federal Bank, F.S.B., which bear interest at 6% and 8.63%, respectively, for the year ended December 31, 1999.

(k) Interest expense on the $52,850,000 line of credit with SouthTrust Bank, N.A., which bears interest at 7.12% for the year ended December 31, 1999.

(l) Reflects Wells Real Estate Investment Trust, Inc.'s equity in loss of the Wells XII-REIT Joint Venture.

(m) As of the acquisition date of December 21, 2000, for the Stone & Webster Building and the Metris Minnetonka Building, Wells Real Estate Investment Trust, Inc. had 30,665,147 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire year ended December 31, 1999.

(n) As of the acquisition date of December 28, 2000 for the AT&T Call Center Buildings, Wells Real Estate Investment Trust, Inc. had 31,244,246 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire year ended December 31, 1999.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Prior Acquisitions	Stone & Webster	Metris Minnetonka	AT&T Call Center Buildings	Pro Forma Total
REVENUES:						
Rental income	$13,712,371	$ 2,210,432(a)	$ 1,637,685(a)	$ 586,435(a)	$ 0	$18,146,923
Equity in income of joint ventures	1,684,247	0	0	0	193,604(n)	1,877,851
Interest income	338,020	0	0	0	0	338,020
	15,734,638	2,210,432	1,637,685	586,435	193,604	20,362,794
EXPENSES:						
Depreciation and amortization	5,084,689	1,227,155(b) 17,780(c)	1,184,880(b)	1,411,044(b)	0	8,925,548
Interest	2,798,299	777,450(d)	2,555,910(j)	3,186,855(k)	0	10,977,634

		112,500(e)				
		1,546,620(f)				
Operating costs, net of reimbursements	631,407	(15,099)(g)	1,250,097(h)	22,728(h)	0	1,962,872
		73,739(h)				
Management and leasing fees	919,630	99,470(i)	73,696(i)	26,390(i)	0	1,119,186
General and administrative	273,484	0	0	0	0	273,484
Legal and accounting	130,603	0	0	0	0	130,603
Computer costs	8,846	0	0	0	0	8,846
Amortization of organizational costs	150,143	0	0	0	0	150,143
	9,997,101	3,839,615	5,064,583	4,647,017	0	23,548,316
NET INCOME (LOSS)	$ 5,737,537	$(1,629,183)	$(3,426,898)	$ (4,060,582)	$193,604	$ (3,185,522)
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.30					
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(1)						$ (0.11)(1)
PRO FORMA LOSS PER SHARE (BASIC AND DILUTED)(m)						$ (0.10)(m)

(a) Rental income is recognized on a straight-line basis.

(b) Depreciation expense on the building is recognized using the straight-line method and a 25 year life.

(c) Amortization of loan costs over term of SouthTrust Bank, N.A. line of credit.

(d) Interest expense on the $9,000,000 line of credit with SouthTrust Bank, N.A. and the $26,500,000 line of credit with Bank of America, N.A., which bear interest at 8.76% for the nine months ended September 30, 2000.

(e) Interest expense on the $5,000,000 note payable with Ryan Companies U.S., Inc., the seller, which bears interest at 9% for the nine months ended September 30, 2000.

(f) Interest expense on the $23,000,000 line-of-credit with SouthTrust Bank, N.A., which bears interest at 8.97% for the nine months ended September 30, 2000.

(g) Consists of ground lease and insurance expense for the ASML Building and the Motorola Tempe Building, net of tenant reimbursements.

(h) Consists of non-reimbursable operating expenses.

(i) Management and leasing fees equal approximately 4.5% of rental income.

(j) Interest expense on the $3,000,000 note payable to Cardinal Paragon, Inc. and the $35,900,000 note payable to Guaranteed Federal Bank, F.S.B, which bear interest at 6% and 8.99%, respectively, for the nine months ended September 30, 2000.

(k) Interest expense on the $52,850,000 line of credit with South Trust Bank, N.A., which bears interest at 8.04% for the nine months ended September 30, 2000.

(l) As of the acquisition date of December 21, 2000 for the Stone & Webster Building and the Metris Minnetonka Building, Wells Real Estate Investment Trust, Inc. had 30,665,147 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire nine months ended September 30, 2000.

(m) As of the acquisition date of December 28, 2000 for the AT&T Call Center Buildings, Wells Real Estate Investment Trust, Inc. had 31,244,246 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire nine months ended September 30, 2000.

(n) Reflect Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells XII--REIT Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 2 DATED APRIL 25, 2001 TO THE PROSPECTUS
DATED DECEMBER 20, 2000

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, as supplemented and amended by Supplement No. 1 dated February 5, 2001. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) Revisions to the "Investment Objectives and Criteria," "Risk Factors" and "Federal Income Tax Risks" sections of the prospectus to include a description of the Wells REIT's participation in the Section 1031 Exchange Program sponsored by affiliates of Wells Capital, Inc., our Advisor, and risks associated therewith;

(3) Revisions to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the prospectus;

(4) Revisions to the "Description of Shares - Share Redemption Program" section of the prospectus;

(5) Updated audited financial statements of the Wells REIT; and

(6) Updated prior performance tables.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of April 15, 2001, we had received an additional $83,074,813 in gross offering proceeds from the sale of 8,307,482 shares in the third offering. Accordingly, as of April 15, 2001, we had received in the aggregate approximately $390,485,925 in gross offering proceeds from the sale of 39,048,593 shares of our common stock.

Investment Objectives and Criteria - Section 1031 Exchange Program

The following paragraphs are hereby inserted into the "Investment Objectives and Criteria" section of the prospectus at the top of page 64:

Section 1031 Exchange Program

Wells Development Corporation (Wells Development), an affiliate of Wells Capital, our Advisor, is forming a series of single member limited liability companies (each of which is referred to in this prospectus as Wells Exchange) for the purpose of facilitating the acquisition of real estate properties to be owned in co-tenancy arrangements with persons (1031 Participants) who are looking to invest the proceeds from a sale of real estate held for investment in another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Internal Revenue Code. It is anticipated that Wells Development will sponsor a series of private placement offerings of co-tenancy interests in various properties to 1031 Participants.

Wells Development anticipates that properties acquired in connection with the Section 1031 Exchange Program will be financed by obtaining a new first mortgage secured by the property acquired. In order to finance the remainder of the purchase price for properties to be acquired by Wells Exchange, it is anticipated that Wells Exchange will obtain a short-term loan from an institutional lender for each property. Following its acquisition of a property, Wells Exchange will attempt to sell co-tenancy interests to 1031 Participants, the proceeds of which will be used to pay off the short-term loan. At the closing of each property to be acquired by Wells Exchange, Wells OP will enter into a Take Out Purchase and Escrow Agreement or similar contract, providing that, in the event that Wells Exchange is unable to sell all of the co-tenancy interests in that particular property to 1031 Participants, Wells OP will purchase, at Wells Exchange's cost, any co-tenancy interests remaining unsold. (See "Risk Factors - Section 1031 Exchange Program.") In consideration for such obligation, Wells Exchange will pay Wells OP a fee (Take Out Fee) in an amount currently anticipated to range between 1.0% and 1.5% of the amount of the short-term loan being obtained by Wells Exchange. (See "Risk Factors - Federal Income Tax Risks.")

Our board of directors, including a majority of our independent directors, will approve each Take Out Purchase and Escrow Agreement we enter into with Wells Exchange. Accordingly, Wells Exchange intends to purchase only real estate properties which otherwise meet the investment objectives of the Wells REIT. Wells OP may execute a Take Out Purchase and Escrow Agreement providing for the potential purchase of the unsold co-tenancy interests from Wells Exchange only after a majority of the directors of the Wells REIT, including a majority of our independent directors, not otherwise interested in the transaction approve of the transaction as being fair, competitive and commercially reasonable to Wells OP and at a price to Wells OP no greater than the cost of the co-tenancy interests to Wells Exchange. If the price to Wells OP is in excess of such cost, the directors of the Wells REIT must find substantial justification for such excess and that such excess is reasonable. In addition, a fair market value appraisal for each property must be obtained from an independent expert selected by our independent directors, and in no event may Wells OP purchase co-tenancy interests at a price that exceeds the current appraised value for the property interests.

As set forth above, pursuant to the terms of Take Out Purchase and Escrow Agreements, Wells OP will be obligated to purchase co-tenancy interests in certain properties offered to 1031 Participants to the extent co-tenancy interests remain unsold at the end of the offering. All purchasers of co-tenancy interests, including Wells OP in the event that it is required to purchase co-tenancy interests pursuant to a Take Out Purchase and Escrow Agreement, will be required to execute a Tenants in Common Agreement with the other purchasers of co-tenancy interests in that

particular property and a Property Management Agreement providing for the property management and leasing of the property by Wells Management and the payment of property management and leasing fees to Wells Management equal to 4.5% of gross revenues. Accordingly, in the event

that Wells OP is required to purchase co-tenancy interests pursuant to one or more of the Take Out Purchase and Escrow Agreements, we will be subject to various risks associated with co-tenancy arrangements which are not otherwise present in real estate investments such as the risk that the interests of the 1031 Participants will become adverse to our interests. (See "Risk Factors - Section 1031 Exchange Program.")

Risk Factors - Section 1031 Exchange Program

The following paragraphs are hereby inserted into the "Risk Factors" section of the prospectus as the first full paragraph at the top of page 20:

Section 1031 Exchange Program Risks

We may have increased exposure to liabilities from litigation as a result of our participation in the Section 1031 Exchange Program.

There will be significant tax and securities disclosure risks associated with the private placement offerings of co-tenancy interests by Wells Exchange to 1031 Participants. For example, in the event that the Internal Revenue Service conducts an audit of the purchasers of co-tenancy interests and is able to successfully challenge the qualification of the transaction as a like-kind exchange under Section 1031 of the Internal Revenue Code, even though it is anticipated that this tax risk will be fully disclosed to investors, purchasers of co-tenancy interests may file a lawsuit against Wells Exchange and its sponsors. In such event, even though Wells OP is not acting as a sponsor of the offering and is not recommending that 1031 Participants buy co-tenancy interests from Wells Exchange, as a result of our participation in the Section 1031 Exchange Program, and since Wells OP will be receiving Take Out Fees in connection with the Section 1031 Exchange Program, we may be named in or otherwise required to defend against lawsuits brought by 1031 Participants. Any amounts we are required to expend for any such litigation claims may reduce the amount of funds available for distribution to shareholders of the Wells REIT. In addition, disclosure of any such litigation may adversely affect our ability to raise additional capital in the future through the sale of stock. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

We will be subject to risks associated with co-tenancy arrangements that are not otherwise present in a real estate investment.

At the closing of each property to be acquired by Wells Exchange pursuant to the Section 1031 Exchange Program, Wells OP will enter into a Take Out Purchase and Escrow Agreement providing that, in the event that Wells Exchange is unable to sell all of the co-tenancy interests in that particular property by the completion of its private placement offering, Wells OP will purchase, at Wells Exchange's cost, any co-tenancy interests remaining unsold. Accordingly, in the event that Wells Exchange is unable to sell all co-tenancy interests in one or more of its properties, Wells OP will be required to purchase the unsold co-tenancy interests in such property or properties and, thus, will be subject to the risks of ownership of properties in a co-tenancy arrangement with unrelated third parties. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

Ownership of co-tenancy interests involves risks not otherwise present with an investment in real estate such as the following:

- the risk that a co-tenant may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals;
- the risk that a co-tenant may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or

- the possibility that a co-tenant might become insolvent or bankrupt, which may be an event of default under mortgage loan financing documents or allow the bankruptcy court to reject the Tenants in Common Agreement or Management Agreement entered into by the co-tenants owning interests in the property.

Actions by a co-tenant might have the result of subjecting the property to liabilities in excess of those contemplated and may have the effect of reducing your returns.

In the event that our interests become adverse to those of the other co-tenants, we will not have the contractual right to purchase the co-tenancy interests from the other co-tenants. Even if we are given the opportunity to purchase such co-tenancy interests in the future, we cannot guarantee that we will have sufficient funds available at the time to purchase co-tenancy interests from the 1031 Participants.

We might want to sell our co-tenancy interests in a given property at a time when the other co-tenants in such property do not desire to sell their interests. Therefore, we may not be able to sell our interest in a property at the time we would like to sell. In addition, it is anticipated that it will be much more difficult to find a willing buyer for our co-tenancy interests in a property than it would be to find a buyer for a property we owned outright.

Our participation in the Section 1031 Exchange Program may limit our ability to borrow funds in the future.

Institutional lenders may view our obligations under Take Out Purchase and Escrow Agreements to acquire unsold co-tenancy interests in properties as a contingent liability against our cash or other assets, which may limit our ability to borrow funds in the future. Further, such obligations may be viewed by our lenders in such a matter as to limit our ability to borrow funds based on regulatory restrictions on lenders limiting the amount of loans they can make to any one borrower. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

Federal Income Tax Risks

The information contained on page 24 in the "Federal Income Tax Risks" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

Failure to qualify as a REIT could adversely affect our operations and our ability to make distributions.

If we fail to qualify as a REIT for any taxable year, we will be subject to federal income tax on our taxable income at corporate rates with no offsetting deductions for distributions for shareholders. Further, in such event, we would generally be disqualified from treatment as a REIT for the four taxable years following the year in which we lose our REIT status. Accordingly, the loss of our REIT status would reduce our net earnings available for investment or distribution to shareholders because of the substantial tax liabilities which would be imposed

on us. We might also be required to borrow funds or liquidate some investments in order to pay the applicable tax.

Qualification as a REIT is subject to the satisfaction of requirements set forth in the Code and Treasury Regulations and various factual matters and circumstances which are not entirely within our control. We have and will continue to structure our activities in a

manner designed to satisfy all of these requirements, however, if certain of our operations were to be recharacterized by the Internal Revenue Service, such recharacterization could jeopardize our ability to satisfy all of the requirements for qualification as a REIT. In addition, new legislation, regulations, administrative interpretations or court decisions could change the tax laws relating to our qualification as a REIT or the federal income tax consequences of our being a REIT.

In this regard, Wells Development, an affiliate of our advisor, is sponsoring a program involving the offering and sale of co-tenancy interests by Wells Exchange in real properties to investors seeking to complete Section 1031 like-kind exchanges. In connection with this program, we have agreed to enter into a series of transactions whereby Wells OP will enter into a number of Take Out Purchase and Escrow Agreements with Wells Exchange which will, in effect, guarantee the sale of the co-tenancy interests being offered by Wells Exchange. In consideration for entering into these Take Out Purchase and Escrow Agreements, Wells OP will be paid fees which could be characterized as gross revenue not constituting income "qualifying" for purposes of satisfying the "income tests" required for REIT qualification. (See "Federal Income Tax Consequences - Operational Requirements - Gross Income Tests.") If this fee income were, in fact, treated as non-qualifying, and if the aggregate of all such income and any other non-qualifying income in any taxable year ever exceeded 5.0% of our gross revenues for such year, we could lose our REIT status for that taxable year and the four ensuing taxable years. As set forth above, we will use all reasonable efforts to structure our activities in a manner intended to satisfy the requirements for our continued qualification as a REIT. (See "Investment Objectives and Criteria -Section 1031 Exchange Program.")

Recharacterization of the Section 1031 Exchange Program may result in taxation of income from a prohibited transaction.

In the event that the Internal Revenue Service were to recharacterize the Section 1031 Exchange Program such that Wells OP, rather than Wells Exchange, is treated as the bona fide owner, for tax purposes, of properties acquired and resold by Wells Exchange in connection with the Section 1031 Exchange Program, such characterization could result in the Take Out Fees paid to Wells OP as being deemed income from a prohibited transaction, in which event all such fee income paid to us in connection with the Section 1031 Exchange Program would be subject to a 100% tax. (See "Investment Objectives and Criteria - Section 1031 Exchange Program.")

Management's Discussion and Analysis of Financial Condition and Results of Operation

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares pursuant to our initial public offering, which commenced on January 30, 1998. We terminated our initial public offering on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. On December 20, 1999, we commenced a follow-on public offering of up to 22,200,000 shares of common stock at $10 per share. We terminated our follow-on public

offering on December 19, 2000. Of the $175,229,193 raised in the follow-on offering, we invested a total of $147,192,522 in properties.

Pursuant to the prospectus, we commenced this third offering of

shares of our common stock on December 20, 2000. As of April 15, 2001, we had received an additional $83,074,813 in gross offering proceeds from the sale of 8,307,482 shares in the third offering. As of April 15, 2001, we had raised in the aggregate a total of $390,485,925 in offering proceeds through the sale of 39,048,593 shares of common stock. As of April 15, 2001, we had paid a total of $13,584,221 in acquisition and advisory fees and acquisition expenses, had paid a total of $48,515,076 in selling commissions and organizational and offering expenses, had made capital contributions of $323,477,000 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $2,365,315 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $2,544,313 available for investment in additional properties.

Description of Shares - Share Redemption Program

The information contained on page 147 in the "Description of Shares - Share Redemption Program" section of the prospectus is revised as of the date of this supplement by the deletion of the first full paragraph on page 147 and the insertion of the following paragraph in lieu thereof:

If you have held your shares for the required one-year period, you may redeem your shares for a purchase price equal to the lesser of (1) $10 per share, or (2) the purchase price per share that you actually paid for your shares of the Wells REIT. In the event that you are redeeming all of your shares, shares purchased pursuant to our dividend reinvestment plan may be excluded from the foregoing one-year holding period requirement, in the discretion of the board of directors. In addition, for purposes of the one-year holding period, limited partners of Wells OP who exchange their limited partnership units for shares in the Wells REIT shall be deemed to have owned their shares as of the date they were issued their limited partnership units in Wells OP. The board of directors reserves the right in its sole discretion at any time and from time to time to (1) change the purchase price for redemptions, or (2) otherwise amend the terms of our share redemption program. In addition, our board of directors has delegated to our officers the right to (1) waive the one-year holding period in the event of the death or bankruptcy of a shareholder or other exigent circumstances, or (2) reject any request for redemption at any time and for any reason.

Financial Statements

The consolidated balance sheets of the Wells REIT as of December 31, 2000 and 1999, and the financial statements of the Wells REIT for each of the years in the three year period ended December 31, 2000, included in this supplement and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included in this supplement in reliance upon the authority of said firm as experts in giving said report.

Prior Performance Tables

The prior performance tables dated as of December 31, 2000, which are included in this supplement, have not been audited.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying consolidated balance sheets of WELLS REAL ESTATE INVESTMENT TRUST, INC. (a Maryland corporation) AND SUBSIDIARY as of December 31, 2000 and 1999 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wells Real Estate Investment Trust, Inc. and subsidiary as of December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 30, 2001

Wells Real Estate Investment Trust, Inc.

and subsidiary

consolidated Balance Sheets

December 31, 2000 and 1999

ASSETS

	2000	1999
REAL ESTATE ASSETs, at cost:		
Land	$ 46,237,812	$ 14,500,822
Building, less accumulated depreciation of $9,469,653 and $1,726,102 at December 31, 2000 and 1999, respectively	287,862,655	81,507,040
Construction in progress	3,357,720	12,561,459
Total real estate assets	337,458,187	108,569,321
INVESTMENT IN JOINT VENTURES	44,236,597	29,431,176
CASH AND CASH EQUIVALENTS	4,298,301	2,929,804
ACCOUNTS RECEIVABLE	3,356,428	898,704
DEFERRED LEASE ACQUISITION COSTS	1,890,332	0
DEFERRED OFFERING COSTS	1,291,376	964,941
DEFERRED PROJECT COSTS	550,256	28,093
DUE FROM AFFILIATES	734,286	648,354
PREPAID EXPENSES AND OTHER ASSETS, net	4,734,583	381,897
Total assets	$ 398,550,346	$ 143,852,290

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:		
Notes payable	$ 127,663,187	$ 23,929,228
Accounts payable and accrued expenses	2,166,387	224,721
Deferred rental income	381,194	236,579
Dividends payable	1,025,010	2,166,701
Due to affiliate	1,772,956	1,079,466
Total liabilities	133,008,734	27,636,695
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 125,000,000 shares authorized, 31,509,807 shares issued and 31,368,510 shares outstanding at December 31, 2000, and 13,471,085 shares issued and outstanding at December 31, 1999	315,097	134,710
Additional paid-in capital	266,439,484	115,880,885
Treasury stock, at cost, 141,297 shares at December 31, 2000 and 0 shares at December 31, 1999	(1,412,969)	0
Total shareholders' equity	265,341,612	116,015,595
Total liabilities and shareholders' equity	$ 398,550,346	$ 143,852,290

The accompanying notes are an integral part of these consolidated balance sheets.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	2000	1999	1998
REVENUES:			
Rental income	$ 20,505,000	$ 4,735,184	$ 20,994
Equity in income of joint ventures	2,293,873	1,243,969	263,315
Interest income	520,924	502,993	110,869
Other income	53,409	13,249	0
	23,373,206	6,495,395	395,178

EXPENSES:			
Depreciation	7,743,551	1,726,103	0
Interest expense	3,966,902	442,029	11,033
Amortization of deferred financing costs	232,559	8,921	0
Operating costs, net of reimbursements	888,091	(74,666)	0
Management and leasing fees	1,309,974	257,744	0
General and administrative	426,680	123,776	29,943
Legal and accounting	240,209	115,471	19,552
Computer costs	12,273	11,368	616
	14,820,239	2,610,746	61,144
NET INCOME	$ 8,552,967	$ 3,884,649	$ 334,034
EARNINGS PER SHARE:			
Basic and diluted	$ 0.40	$ 0.50	$ 0.40

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	Common Stock		Additional Paid-In	Retained	Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	Earnings	Shares	Amount	Equity
BALANCE, December 31, 1997	100	$ 1	$ 999	$ 0	0	$ 0	$ 1,000
Issuance of common stock	3,154,036	31,540	31,508,820	0	0	0	31,540,360
Net income	0	0	0	334,034	0	0	334,034
Dividends ($.31 per share)	0	0	(511,163)	0	0	0	(511,163)
Sales commissions	0	0	(2,996,334)	0	0	0	(2,996,334)
Other offering expenses	0	0	(946,210)	0	0	0	(946,210)
BALANCE, December 31, 1998	3,154,136	31,541	27,056,112	334,034	0	0	27,421,687
Issuance of common stock	10,316,949	103,169	103,066,321	0	0	0	103,169,490
Net income	0	0	0	3,884,649	0	0	3,884,649
Dividends ($.70 per share)	0	0	(1,346,240)	(4,218,683)	0	0	(5,564,923)
Sales commissions	0	0	(9,801,197)	0	0	0	(9,801,197)
Other offering expenses	0	0	(3,094,111)	0	0	0	(3,094,111)
BALANCE, December 31, 1999	13,471,085	134,710	115,880,885	0	0	0	116,015,595
Issuance of common stock	18,038,722	180,387	180,206,833	0	0	0	180,387,220
Treasury stock purchased	0	0	0	0	(141,297)	(1,412,969)	(1,412,969)
Net income	0	0	0	8,552,967	0	0	8,552,967
Dividends ($.73 per share)	0	0	(7,276,452)	(8,552,967)	0	0	(15,829,419)
Sales commissions	0	0	(17,002,554)	0	0	0	(17,002,554)
Other offering expenses	0	0	(5,369,228)	0	0	0	(5,369,228)
BALANCE, December 31, 2000	31,509,807	$ 315,097	$ 266,439,484	$ 0	(141,297)	$ (1,412,969)	$ 265,341,612

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 8,552,967	$ 3,884,649	$ 334,034
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity in income of joint ventures	(2,293,873)	(1,243,969)	(263,315)
Depreciation	7,743,551	1,735,024	0
Amortization of deferred financing costs	232,559	0	0
Changes in assets and liabilities:			
Accounts receivable	(2,457,724)	(898,704)	0
Due from affiliates	(435,600)	0	0
Prepaid expenses and other assets, net	(6,475,577)	149,501	(540,319)
Accounts payable and accrued expenses	1,941,666	36,894	187,827
Deferred rental income	144,615	236,579	0
Due to affiliates	367,055	108,301	6,224
Total adjustments	(1,233,328)	123,626	(609,583)
Net cash provided by (used in) operating activities	7,319,639	4,008,275	(275,549)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in real estate	(231,518,138)	(85,514,506)	(21,299,071)
Investment in joint ventures	(15,063,625)	(17,641,211)	(11,276,007)
Deferred project costs paid	(6,264,098)	(3,610,967)	(1,103,913)
Distributions received from joint ventures	3,529,401	1,371,728	178,184
Net cash used in investing activities	(249,316,460)	(105,394,956)	(33,500,807)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable	187,633,130	40,594,463	14,059,930
Repayments of notes payable	(83,899,171)	(30,725,165)	0
Dividends paid to shareholders	(16,971,110)	(3,806,398)	(102,987)
Issuance of common stock	180,387,220	103,169,490	31,540,360
Treasury stock purchased	(1,412,969)	0	0
Sales commissions paid	(17,002,554)	(9,801,197)	(2,996,334)
Other offering costs paid	(5,369,228)	(3,094,111)	(946,210)
Net cash provided by financing activities	243,365,318	96,337,082	41,554,759
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,368,497	(5,049,599)	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	2,929,804	7,979,403	201,000
CASH AND CASH EQUIVALENTS, end of year	$ 4,298,301	$ 2,929,804	$ 7,979,403
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:			
Deferred project costs applied to real estate assets	$ 5,114,279	$ 3,183,239	$ 298,608
Deferred project costs contributed to joint ventures	$ 627,656	$ 735,056	$ 469,884
Deferred offering costs due to affiliate	$ 326,435	$ 416,212	$ 0

The accompanying notes are an integral part of these consolidated statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2000, 1999, AND 1998

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wells Real Estate Investment Trust, Inc. (the "Company") is a Maryland corporation that qualifies as a real estate investment trust ("REIT"). The Company is conducting an offering for the sale of a maximum of 125,000,000 (exclusive of 10,000,000 shares available pursuant to the Company's dividend reinvestment plan) shares of common stock, $.01 par value per share, at a price of $10 per share. The Company will seek to acquire and operate commercial properties, including, but not limited to, office buildings, shopping centers, business and industrial parks, and other commercial and industrial properties, including properties which are under construction, are newly constructed, or

have been constructed and have operating histories. All such properties may be acquired, developed, and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection with this, the Company may enter into joint ventures for the acquisition of properties with prior or future real estate limited partnership programs sponsored by Wells Capital, Inc. (the "Advisor") or its affiliates.

Substantially all of the Company's business is conducted through Wells Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership. During 1997, the Operating Partnership issued 20,000 limited partner units to the Advisor in exchange for $200,000. The Company is the sole general partner in the Operating Partnership and possesses full legal control and authority over the operations of the Operating Partnership; consequently, the accompanying consolidated financial statements of the Company include the amounts of the Operating Partnership.

The Operating Partnership owns the following properties directly: (i) the PricewaterhouseCoopers property (the "PwC Building"), a four-story office building located in Tampa, Florida; (ii) the AT&T Building, a four-story office building located in Harrisburg, Pennsylvania; (iii) the Marconi Data Systems property (the "Marconi Building"), a two-story office building located in Wood Dale, Illinois; (iv) the Cinemark Building, a five-story office building located in Plano, Texas; (v) the Matsushita Building, a two-story office building located in Lake Forest, California; (vi) the ASML Building, a two-story office building located in Tempe, Arizona; (vii) the Motorola Tempe Building, a two-story office building located in Tempe, Arizona; (viii) the Dial Building, a two-story office building located in Scottsdale, Arizona; (ix) the Delphi Building, a three-story office building located in Troy, Michigan; (x) the Avnet Building, a two-story office building located in Tempe, Arizona; (xi) the Metris Oklahoma Building, a three-story office building located in Tulsa, Oklahoma; (xii) the Alstom Power-Richmond Building, a four-story office building located in Richmond, Virginia; (xiii) the Motorola Plainfield Building, a three-story office building located in South Plainfield, New Jersey; (xiv) the Stone & Webster Building, a six-story office building located in Houston, Texas; and (xv) the Metris Minnetonka Building, a nine-story office building located in Minnetonka, Minnesota.

The Company owns an interest in one property through a joint venture between the Operating Partnership, Wells Real Estate Fund VIII, L.P. ("Wells Fund VIII"), and Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), which is referred to as the Fund VIII, IX, and REIT Joint Venture. The Company also owns interests in several properties through a joint venture between the Operating Partnership, Wells Fund IX, Wells Real Estate Fund X, L.P. ("Wells Fund X"), and Wells Real Estate Fund XI, L.P. ("Wells Fund XI"). This joint venture is referred to as the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("Fund IX, X, XI, and REIT Joint Venture"). The Company owns two properties through joint venture between the Operating Partnership and Fund X and XI Associates, a joint venture between Wells Fund X and Wells Fund XI. In addition, the Company owns an interest in several properties through a joint venture between Wells Fund XI, Wells Real Estate Fund XII, L.P. ("Wells Fund XII"), and the Operating Partnership, which is referred to as the Fund XI, XII, and REIT Joint Venture. The Company also owns two properties through a joint venture between Wells Fund XII and the Operating Partnership, which is referred to as the Fund XII and REIT Joint Venture.

Through its investment in the Fund VIII, IX, and REIT Joint Venture, the Company owns an interest in a two-story office building in Orange County, California (the "Quest Building").

The following properties are owned by the Company through its investment in the Fund IX, X, XI, and REIT Joint Venture: (i) a three-story office building in Knoxville, Tennessee (the "Alstom Power Building," formerly the ABB Building), (ii) a two-story office building in Louisville, Colorado (the "Ohmeda Building"), (iii) a three-story office building in Broomfield, Colorado (the "360 Interlocken Building"), (iv) a one-story warehouse facility in Ogden, Utah (the "Iomega Building"), and (v) a one-story office building in Oklahoma City, Oklahoma (the "Avaya Building," formerly the Lucent Technologies Building).

Through its investment in joint ventures with Fund X and XI Associates, the Company owns interests in the following properties: (i) a one-story office and warehouse building in Fountain Valley, California (the "Cort Furniture Building") owned by Wells/Orange County Associates and (ii) a warehouse and office building in Fremont, California (the "Fairchild Building") owned by Wells/Fremont Associates.

The following properties are owned by the Company through its investment in the Fund XI, XII, and REIT Joint Venture: (i) a two-story manufacturing and office building in Greenville County, South Carolina (the "EYBL CarTex Building"), (ii) a three-story office building Leawood, Kansas (the "Sprint Building"), (iii) an office and warehouse building in Chester County, Pennsylvania (the "Johnson Matthey Building"), and (iv) a two-story office building in Ft. Myers, Florida (the "Gartner Building").

Through its investment in the Fund XII and REIT Joint Venture, the Company owns interests in the following properties: (i) a three-story office building in Troy, Michigan (the "Siemens Building"), and (ii) a one-story office building and a two-story office building in Oklahoma City, Oklahoma (collectively referred to as the "AT&T Call Center Buildings").

Use of Estimates and Factors Affecting the Company

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The carrying values of real estate are based on management's current intent to hold the real estate assets as long-term investments. The success of the Company's future operations and the ability to realize the investment in its assets will be dependent on the Company's ability to maintain rental rates, occupancy, and an appropriate level of operating expenses in future years. Management believes that the steps it is taking will enable the Company to realize its investment in its assets.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year ended December 31, 1998. As a result, the Company generally will not be subject to federal income taxation at the corporate level to the extent it distributes annually at least 95% (90% beginning in 2001) of its REIT taxable income, as defined in the Code, to its shareholders and satisfies certain other requirements. Additionally, the Operating Partnership is not subject to federal or state income taxes. Accordingly, no provision has been made for federal or state income taxes in the accompanying consolidated financial statements for the years ended December 31, 2000 and 1999.

Real Estate Assets

Real estate assets held by the Company and joint ventures are stated at cost less accumulated depreciation. Major improvements and betterments are capitalized when they extend the useful life of the related asset. All repair and maintenance are expensed as incurred.

Management continually monitors events and changes in circumstances which could indicate that carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present which indicate that the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets by determining whether the carrying value of such real estate assets will be recovered through the

future cash flows expected from the use of the asset and its eventual disposition. Management has determined that there has been no impairment in the

carrying value of real estate assets held by the Company or the joint ventures as of December 31, 2000.

Depreciation of building and improvements is calculated using the straight-line method over 25 years. Tenant improvements are amortized over the life of the related lease or the life of the asset, whichever is shorter.

Revenue Recognition

All leases on real estate assets held by the Company or the joint ventures are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value, and consist of investments in money market accounts.

Deferred Lease Acquisition Costs

Costs incurred to procure operating leases are capitalized and amortized on a straight-line basis over the terms of the related leases.

Earnings Per Share

Earnings per share is calculated based on the weighted average number of common shares outstanding during each period. The weighted average number of common shares outstanding is identical for basic and fully diluted earnings per share, as there is no dilutive impact created from the Company's stock option plan (Note 10) using the treasury stock method.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year financial statement presentation.

Investment in Joint Ventures

Basis of Presentation

The Operating Partnership does not have control over the operations of the joint ventures; however, it does exercise significant influence. Accordingly, the Operating Partnership's investment in the joint ventures is recorded using the equity method of accounting.

Partners' Distributions and Allocations of Profit and Loss

Cash available for distribution and allocations of profit and loss to the Operating Partnership by the joint ventures are made in accordance with the terms of the individual joint venture agreements. Generally, these items are allocated in proportion to the partners' respective ownership interests. Cash is paid from the joint ventures to the Operating Partnership on a quarterly basis.

Deferred Lease Acquisition Costs

Costs incurred to procure operating leases are capitalized and amortized on a straight-line basis over the terms of the related leases.

2. DEFERRED PROJECT COSTS

The Company paid a percentage of shareholder contributions to the Advisor for acquisition and advisory services. These payments, as stipulated in the prospectus, can be up to 3.5% of shareholder contributions, subject to certain

overall limitations contained in the prospectus. Aggregate fees paid through December 31, 2000 were $10,978,981 and amounted to 3.5% of shareholders' contributions received. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the joint ventures or real estate assets. Deferred project costs at December 31, 2000 and 1999 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Offering expenses, to the extent they exceed 3% of gross offering proceeds, will be paid by the Advisor and not by the Company. Offering expenses do not include sales or underwriting commissions but do include such costs as legal and accounting fees, printing costs, and other offering expenses.

As of December 31, 2000, the Advisor paid offering expenses on behalf of the Company in the aggregate amount of $10,700,925, of which the Advisor was reimbursed $9,409,549, which did not exceed the 3% limitation. The unpaid portion of deferred offering costs is $1,291,376 and is included in due to affiliate in the accompanying balance sheet.

4. RELATED-PARTY TRANSACTIONS

Due from affiliates at December 31, 2000 represents the Operating Partnership's share of the cash to be distributed from its joint venture investments for the fourth quarter of 2000 and 1999 as follows:

	2000	1999
Fund VIII, IX, and REIT Joint Venture	$ 21,605	$ 0
Fund IX, X, XI, and REIT Joint Venture	12,781	32,079
Wells/Orange County Associates	24,583	75,953
Wells/Fremont Associates	53,974	152,681
Fund XI, XII, and REIT Joint Venture	136,648	387,641
Fund XII and REIT Joint Venture	49,094	0
The Advisor	10,995	0
Cinemark Building	424,606	0
	$ 734,286	$ 648,354

The Company entered into a property management agreement with Wells Management Company, Inc. ("Wells Management"), an affiliate of the Advisor. In consideration for supervising the management and leasing of the Operating Partnership's properties, the Operating Partnership will pay Wells Management management and leasing fees equal to the lesser of (a) 4.5% of the gross revenues generally paid over the life of the lease, or (b) 0.6% of the net asset value of the properties (excluding vacant properties) owned by the Company, calculated on an annual basis plus a separate competitive fee for the one-time initial lease-up of newly constructed properties generally paid in conjunction with the receipt of the first month's rent.

The Operating Partnership's portion of the management and leasing fees and lease acquisition costs paid to Wells Management, both directly and at the joint venture level, were $1,111,748, $336,517, and $0 for the years ended December 31, 2000, 1999, and 1998, respectively.

The Advisor performs certain administrative services for the Operating Partnership, such as accounting and other partnership administration, and incurs the related expenses. Such expenses are allocated among the Operating Partnership and the various Wells Real Estate Funds based on time spent on each fund by individual administrative personnel. In the opinion of management, such allocation is a reasonable basis for allocating such expenses.

The Advisor is a general partner in various Wells Real Estate Funds. As such, there may exist conflicts of interest where the Advisor, while serving in the capacity as general partner for Wells Real Estate Funds, may be in competition with the Operating Partnership for tenants in similar geographic markets.

5. INVESTMENT IN JOINT VENTURES

The Operating Partnership's investment and percentage ownership in joint ventures at December 31, 2000 and 1999 are summarized as follows:

	2000		1999	
	Amount	Percent	Amount	Percent
Fund VIII, IX, and REIT Joint Venture	$ 1,276,551	16%	$ 0	0%
Fund IX, X, XI, and REIT Joint Venture	1,339,636	4	1,388,884	4
Wells/Orange County Associates	2,827,607	44	2,893,112	44
Wells/Fremont Associates	6,791,287	78	6,988,210	78
Fund XI, XII, and REIT Joint Venture	17,688,615	57	18,160,970	57
Fund XII and REIT Joint Venture	14,312,901	47	0	0
	$ 44,236,597		$ 29,431,176	

The following is a rollforward of the Operating Partnership's investment in joint ventures for the years ended December 31, 2000 and 1999:

	2000	1999
Investment in joint ventures, beginning of year	$ 29,431,176	$ 11,568,677
Equity in income of joint ventures	2,293,873	1,243,969
Contributions to joint ventures	15,691,281	18,376,267
Distributions from joint ventures	(3,179,733)	(1,757,737)
Investment in joint ventures, end of year	$ 44,236,597	$ 29,431,176

Fund VIII, IX, and REIT Joint Venture

On June 15, 2000, Fund VIII and IX Associated entered into a joint venture with Wells Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership having Wells Real Estate Investment Trust, Inc. ("Wells REIT"), a Maryland corporation, as its general partner. The joint venture, Fund VIII, IX, and REIT Joint Venture, was formed to acquire, develop, operate, and sell real properties.

On July 1, 2000, Fund VIII and IX contributed the Quest Building to the joint venture. The Quest Building is a two-story office building containing approximately 65,006 rentable square feet on a 4.4 acre trace of land in Irvine, California.

Following are the financial statements for Fund VIII, IX, and REIT Joint Venture:

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 2000

Assets

Real estate assets, at cost:	
Land	$ 2,220,993
Building and improvements, less accumulated depreciation of $187,891	5,408,892
Total real estate assets	7,629,885
Cash and cash equivalents	170,664
Accounts receivable	197,802
Prepaid expenses and other assets	283,864

Total assets	$ 8,282,215

Liabilities and Partners' Capital

Liabilities:	
Partnership distributions payable	$ 170,664
Partners' capital:	
Fund VIII and IX Associates	6,835,000
Wells Operating Partnership, L.P.	1,276,551
Total partners' capital	8,111,551
Total liabilities and partners' capital	$ 8,282,215

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Income
for the Six Months Ended December 31, 2000

Revenues:	
Rental income	$ 563,049
Expenses:	
Depreciation	187,891
Management and leasing fees	54,395
Property administration expenses	5,692
Operating costs, net of reimbursements	5,178
	253,156
Net income	$ 309,893
Net income allocated to Fund VIII and IX Associates	$ 285,006
Net income allocated to Wells Operating Partnership, L.P.	$ 24,887

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Six Months Ended December 31, 2000

	Fund VIII and IX Associates	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, July 1, 2000	$ 0	$ 0	$ 0
Net income	285,006	24,887	309,893
Partnership contributions	6,857,889	1,282,111	8,140,000
Partnership distributions	(307,895)	(30,447)	(338,342)
Balance, December 31, 2000	$ 6,835,000	$ 1,276,551	$ 8,111,551

Fund VIII, IX, and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows
for the Six Months Ended December 31, 2000

Cash flows from operating activities:	
Net income	$ 309,893
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	187,891
Changes in assets and liabilities:	
Accounts receivable	(197,802)
Prepaid expenses and other assets	(283,864)
Total adjustments	(293,775)
Net cash provided by operating activities	16,118
Cash flows from investing activities:	
Investment in real estate	(959,887)
Cash flows from financing activities:	
Contributions from joint venture partners	1,282,111
Distributions to joint venture partners	(167,678)
Net cash provided by financing activities	1,114,433
Net increase in cash and cash equivalents	170,664
Cash and cash equivalents, beginning of period	0
Cash and cash equivalents, end of year	$ 170,664
Supplemental disclosure of noncash activities:	
Real estate contribution received from joint venture partner	$ 6,857,889

Fund IX, X, XI, and REIT Joint Venture

On March 20, 1997, Wells Fund IX and Wells Fund X entered into a joint venture agreement. The joint venture, Fund IX and X Associates, was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Wells Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the Alstom Power Building, to the Fund IX and X Associates joint venture. A 84,404-square-foot, three-story building was constructed and commenced operations at the end of 1997.

On February 13, 1998, the joint venture purchased a two-story office building, known as the Ohmeda Building, in Louisville, Colorado. On March 20, 1998, the joint venture purchased a three-story office building, known as the 360 Interlocken Building, in Broomfield, Colorado. On June 11, 1998, Fund IX and X Associates was amended and restated to admit Wells Fund XI and the Operating Partnership. The joint venture was renamed the Fund IX, X, XI, and REIT Joint Venture. On June 24, 1998, the new joint venture purchased a one-story office building, known as the Avaya Building, in Oklahoma City, Oklahoma. On April 1, 1998, Wells Fund X purchased a one-story warehouse facility, known as the Iomega Building, in Ogden, Utah. On July 1, 1998, Wells Fund X contributed the Iomega Building to the Fund IX, X, XI, and REIT Joint Venture.

Following are the financial statements for the Fund IX, X, XI, and REIT Joint Venture:

Following are the financial statements for the Fund IX, X, XI, and REIT Joint Venture:

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheets
December 31, 2000 and 1999

Assets

	2000	1999
Real estate assets, at cost:		
Land	$ 6,698,020	$ 6,698,020
Building and improvements, less accumulated depreciation of $4,203,502 in 2000 and $2,792,068 in 1999	28,594,768	29,878,541
Total real estate assets	35,292,788	36,576,561
Cash and cash equivalents	1,500,044	1,146,874
Accounts receivable	422,243	554,965
Prepaid expenses and other assets	487,276	526,409

Total assets	$37,702,351	$38,804,809

Liabilities and Partners' Capital

Liabilities:		
Accounts payable and accrued liabilities	$ 568,517	$ 613,574
Refundable security deposits	99,279	91,340
Due to affiliates	9,595	6,379
Partnership distributions payable	931,151	804,734
Total liabilities	1,608,542	1,516,027
Partners' capital:		
Wells Real Estate Fund IX	14,117,803	14,590,626
Wells Real Estate Fund X	17,445,277	18,000,869
Wells Real Estate Fund XI	3,191,093	3,308,403
Wells Operating Partnership, L.P.	1,339,636	1,388,884
Total partners' capital	36,093,809	37,288,782
Total liabilities and partners' capital	$37,702,351	$38,804,809

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Revenues:			
Rental income	$4,198,388	$3,932,962	$2,945,980
Other income	116,129	61,312	0
Interest income	73,676	58,768	20,438
	4,388,193	4,053,042	2,966,418
Expenses:			
Depreciation	1,411,434	1,538,912	1,216,293
Management and leasing fees	362,774	286,139	226,643
Operating costs, net of reimbursements	(154,001)	(43,501)	(140,506)
Property administration expense	78,420	63,311	34,821
Legal and accounting	20,423	35,937	15,351
	1,719,050	1,880,798	1,352,602
Net income	$2,669,143	$2,172,244	$1,613,816
Net income allocated to Wells Real Estate Fund IX	$1,045,094	$ 850,072	$ 692,116
Net income allocated to Wells Real Estate Fund X	$1,288,629	$1,056,316	$ 787,481
Net income allocated to Wells Real Estate Fund XI	$ 236,243	$ 184,355	$ 85,352
Net income allocated to Wells Operating Partnership, L.P.	$ 99,177	$ 81,501	$ 48,867

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000, 1999, and 1998

	Wells Real Estate Fund IX	Wells Real Estate Fund X	Wells Wells Real Estate Fund XI	Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1997	$ 3,702,793	$ 3,662,803	$ 0	$ 0	$ 7,365,596
Net income	692,116	787,481	85,352	48,867	1,613,816
Partnership contributions	11,771,312	15,613,477	2,586,262	1,480,741	31,451,792
Partnership distributions	(1,206,121)	(1,356,622)	(150,611)	(86,230)	(2,799,584)
Balance, December 31, 1998	14,960,100	18,707,139	2,521,003	1,443,378	37,631,620
Net income	850,072	1,056,316	184,355	81,501	2,172,244
Partnership contributions	198,989	0	911,027	0	1,110,016
Partnership distributions	(1,418,535)	(1,762,586)	(307,982)	(135,995)	(3,625,098)
Balance, December 31, 1999	14,590,626	18,000,869	3,308,403	1,388,884	37,288,782
Net income	1,045,094	1,288,629	236,243	99,177	2,669,143
Partnership contributions	46,122	84,317	0	0	130,439

Partnership distributions	(1,564,039)	(1,928,538)	(353,553)	(148,425)	(3,994,555)
Balance, December 31, 2000	$ 14,117,803	$ 17,445,277	$ 3,191,093	$ 1,339,636	$ 36,093,809

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000, and 1999, and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net income	$2,669,143	$2,172,244	$ 1,613,816
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,411,434	1,538,912	1,216,293
Changes in assets and liabilities:			
Accounts receivable	132,722	(421,708)	(92,745)
Prepaid expenses and other assets	39,133	(85,281)	(111,818)
Accounts payable, accrued liabilities and refundable security deposits	(37,118)	295,177	29,967
Due to affiliates	3,216	1,973	1,927
Total adjustments	1,549,387	1,329,073	1,043,624
Net cash provided by operating activities	4,218,530	3,501,317	2,657,440
Cash flows from investing activities:			
Investment in real estate	(127,661)	(930,401)	(24,788,070)
Cash flows from financing activities:			
Distributions to joint venture partners	(3,868,138)	(3,820,491)	(1,799,457)
Contributions received from partners	130,439	1,066,992	24,970,373
Net cash (used in) provided by financing activities	(3,737,699)	(2,753,499)	23,170,916
Net increase (decrease) in cash and cash equivalents	353,170	(182,583)	1,040,286
Cash and cash equivalents, beginning of year	1,146,874	1,329,457	289,171
Cash and cash equivalents, end of year	$1,500,044	$1,146,874	$ 1,329,457
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 43,024	$ 1,470,780
Contribution of real estate assets to joint venture	$ 0	$ 0	$ 5,010,639

Wells/Orange County Associates

On July 27, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Orange County Associates. On July 31, 1998, Wells/Orange County Associates acquired a 52,000-square-foot warehouse and office building located in Fountain Valley, California, known as the Cort Furniture Building.

On September 1, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Orange County Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Cort Furniture Building.

Following are the financial statements for Wells/Orange County Associates:

Wells/Orange County Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 2000 and 1999

Assets

	2000	1999
Real estate assets, at cost:		
Land	$2,187,501	$2,187,501
Building, less accumulated depreciation of $465,216 in 2000 and $278,652 in 1999	4,198,899	4,385,463
Total real estate assets	6,386,400	6,572,964
Cash and cash equivalents	119,038	176,666
Accounts receivable	99,154	49,679
Total assets	$6,604,592	$6,799,309

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	$ 1,000	$ 0
Partnership distributions payable	128,227	173,935
Total liabilities	129,227	173,935
Partners' capital:		
Wells Operating Partnership, L.P.	2,827,607	2,893,112
Fund X and XI Associates	3,647,758	3,732,262
Total partners' capital	6,475,365	6,625,374
Total liabilities and partners' capital	$6,604,592	$6,799,309

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Revenues:			
Rental income	$795,545	$795,545	$331,477
Interest income	0	0	448
	795,545	795,545	331,925
Expenses:			
Depreciation	186,564	186,565	92,087
Management and leasing fees	30,915	30,360	12,734
Operating costs, net of reimbursements	5,005	22,229	2,288
Interest	0	0	29,472
Legal and accounting	4,100	5,439	3,930
	226,584	244,593	140,511
Net income	$568,961	$550,952	$191,414
Net income allocated to Wells Operating Partnership, L.P.	$248,449	$240,585	$ 91,978
Net income allocated to Fund X and XI Associates	$320,512	$310,367	$ 99,436

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000, 1999, and 1998

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	91,978	99,436	191,414
Partnership contributions	2,991,074	3,863,272	6,854,346
Partnership distributions	(124,435)	(145,942)	(270,377)
Balance, December 31, 1998	2,958,617	3,816,766	6,775,383
Net income	240,585	310,367	550,952
Partnership distributions	(306,090)	(394,871)	(700,961)
Balance, December 31, 1999	2,893,112	3,732,262	6,625,374
Net income	248,449	320,512	568,961
Partnership distributions	(313,954)	(405,016)	(718,970)

Balance, December 31, 2000	$ 2,827,607	$ 3,647,758	$ 6,475,365

Wells/Orange County Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 568,961	$ 550,952	$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	186,564	186,565	92,087
Changes in assets and liabilities:			
Accounts receivable	(49,475)	(36,556)	(13,123)
Accounts payable	1,000	(1,550)	1,550
Total adjustments	138,089	148,459	80,514
Net cash provided by operating activities	707,050	699,411	271,928
Cash flows from investing activities:			
Investment in real estate	0	0	(6,563,700)
Cash flows from financing activities:			
Issuance of note payable	0	0	4,875,000
Payment of note payable	0	0	(4,875,000)
Distributions to partners	(764,678)	(703,640)	(93,763)
Contributions received from partners	0	0	6,566,430
Net cash (used in) provided by financing activities	(764,678)	(703,640)	6,472,667
Net (decrease) increase in cash and cash equivalents	(57,628)	(4,229)	180,895
Cash and cash equivalents, beginning of year	176,666	180,895	0
Cash and cash equivalents, end of year	$ 119,038	$ 176,666	$ 180,895
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 0	$ 287,916

Wells/Fremont Associates

On July 15, 1998, the Operating Partnership entered into a joint venture agreement with Wells Development Corporation, referred to as Wells/Fremont Associates. On July 21, 1998, Wells/Fremont Associates acquired a 58,424-square-foot warehouse and office building located in Fremont, California, known as the Fairchild Building.

On October 8, 1998, Fund X and XI Associates acquired Wells Development Corporation's interest in Wells/Fremont Associates which resulted in Fund X and XI Associates becoming a joint venture partner with the Operating Partnership in the ownership of the Fairchild Building.

Following are the financial statements for Wells/Fremont Associates:

Wells/Fremont Associates
(A Georgia Joint Venture)
Balance Sheets
December 31, 2000 and 1999

Assets

	2000	1999
Real estate assets, at cost:		
Land	$2,219,251	$2,219,251
Building, less accumulated depreciation of $713,773 in 2000 and $428,246 in 1999	6,424,385	6,709,912

Total real estate assets	8,643,636	8,929,163
Cash and cash equivalents	92,564	189,012
Accounts receivable	126,433	92,979
Total assets	$8,862,633	$9,211,154
Liabilities and Partners' Capital		
Liabilities:		
Accounts payable	$ 3,016	$ 2,015
Due to affiliate	7,586	5,579
Partnership distributions payable	89,549	186,997
Total liabilities	100,151	194,591
Partners' capital:		
Wells Operating Partnership, L.P.	6,791,287	6,988,210
Fund X and XI Associates	1,971,195	2,028,353
Total partners' capital	8,762,482	9,016,563
Total liabilities and partners' capital	$8,862,633	$9,211,154

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Revenues:			
Rental income	$902,946	$902,946	$401,058
Interest income	0	0	3,896
	902,946	902,946	404,954
Expenses:			
Depreciation	285,527	285,526	142,720
Management and leasing fees	36,787	37,355	16,726
Operating costs, net of reimbursements	13,199	16,006	3,364
Interest	0	0	73,919
Legal and accounting	4,300	4,885	6,306
	339,813	343,772	243,035
Net income	$563,133	$559,174	$161,919
Net income allocated to Wells Operating Partnership, L.P.	$436,452	$433,383	$122,470
Net income allocated to Fund X and XI Associates	$126,681	$125,791	$ 39,449

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000, 1999, and 1998

	Wells Operating Partnership, L.P.	Fund X and XI Associates	Total Partners' Capital
Balance, December 31, 1997	$ 0	$ 0	$ 0
Net income	122,470	39,449	161,919
Partner contributions	7,274,075	2,083,334	9,357,409
Partnership distributions	(229,863)	(42,628)	(272,491)
Balance, December 31, 1998	7,166,682	2,080,155	9,246,837
Net income	433,383	125,791	559,174
Partnership distributions	(611,855)	(177,593)	(789,448)
Balance, December 31, 1999	6,988,210	2,028,353	9,016,563
Net income	436,452	126,681	563,133
Partnership distributions	(633,375)	(183,839)	(817,214)
Balance, December 31, 2000	$ 6,791,287	$ 1,971,195	$ 8,762,482

Wells/Fremont Associates
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000, 1999, and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 563,133	$ 559,174	$ 161,919
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	285,527	285,526	142,720
Changes in assets and liabilities:			
Accounts receivable	(33,454)	(58,237)	(34,742)
Accounts payable	1,001	(1,550)	3,565
Due to affiliate	2,007	3,527	2,052
Total adjustments	255,081	229,266	113,595
Net cash provided by operating activities	818,214	788,440	275,514
Cash flows from investing activities:			
Investment in real estate	0	0	(8,983,111)
Cash flows from financing activities:			
Issuance of note payable	0	0	5,960,000
Payment of note payable	0	0	(5,960,000)
Distributions to partners	(914,662)	(791,940)	(83,001)
Contributions received from partners	0	0	8,983,110
Net cash (used in) provided by financing activities	(914,662)	(791,940)	8,900,109
Net (decrease) increase in cash and cash equivalents	(96,448)	(3,500)	192,512
Cash and cash equivalents, beginning of year	189,012	192,512	0
Cash and cash equivalents, end of year	$ 92,564	$ 189,012	$ 192,512
Supplemental disclosure of noncash activities:			
Deferred project costs contributed to joint venture	$ 0	$ 0	$ 374,299

Fund XI, XII, and REIT Joint Venture

On May 1, 1999, the Operating Partnership entered into a joint venture with Wells Fund XII and Wells Fund XI. On May 18, 1999, the joint venture purchased a 169,510-square-foot, two-story manufacturing and office building, known as EYBL CarTex, in Fountain Inn, South Carolina. On July 21, 1999, the joint venture purchased a 68,900 square-foot, three-story-office building, known as the Sprint Building, in Leawood, Kansas. On August 17, 1999, the joint venture purchased a 130,000 square-foot office and warehouse building, known as the Johnson Matthey Building, in Chester County, Pennsylvania. On September 20, 1999, the joint venture purchased a 62,400 square-foot, two-story office building, known as the Gartner Building, in Fort Myers, Florida.

Following are the financial statements for the Fund XI, XII, and REIT Joint Venture:

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheets
December 31, 2000 and 1999

Assets

	2000	1999
Real estate assets, at cost:		
Land	$ 5,048,797	$ 5,048,797
Building and improvements, less accumulated depreciation of $1,599,262 in 2000 and $506,582 in 1999	25,719,189	26,811,869
Total real estate assets	30,767,986	31,860,666
Cash and cash equivalents	541,089	766,278
Accounts receivable	394,314	133,777
Prepaid assets and other expenses	26,486	26,486

Total assets	$31,729,875	$32,787,207

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	$ 114,180	$ 112,457
Partnership distributions payable	453,395	680,294
Total liabilities	567,575	792,751
Partners' capital:		
Wells Real Estate Fund XI	8,148,261	8,365,852
Wells Real Estate Fund XII	5,325,424	5,467,634
Wells Operating Partnership, L.P.	17,688,615	18,160,970
Total partners' capital	31,162,300	31,994,456
Total liabilities and partners' capital	$31,729,875	$32,787,207

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Income
for the Years Ended December 31, 2000 and 1999

	2000	1999
Revenues:		
Rental income	$3,345,932	$1,443,446
Interest income	2,814	0
Other income	440	57
	3,349,186	1,443,503
Expenses:		
Depreciation	1,092,680	506,582
Management and leasing fees	157,236	59,230
Operating costs, net of reimbursements	(24,798)	6,433
Property administration	30,787	14,185
Legal and accounting	14,725	4,000
	1,270,630	590,430
Net income	$2,078,556	$ 853,073
Net income allocated to Wells Real Estate Fund XI	$ 543,497	$ 240,031
Net income allocated to Wells Real Estate Fund XII	$ 355,211	$ 124,542
Net income allocated to Wells Operating Partnership, L.P.	$1,179,848	$ 488,500

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Years Ended December 31, 2000 and 1999

	Wells Real Estate Fund XI	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, December 31, 1998	$ 0	$ 0	$ 0	$ 0
Net income	240,031	124,542	488,500	853,073
Partnership contributions	8,470,160	5,520,835	18,376,267	32,367,262
Partnership distributions	(344,339)	(177,743)	(703,797)	(1,225,879)
Balance, December 31, 1999	8,365,852	5,467,634	18,160,970	31,994,456
Net income	543,497	355,211	1,179,848	2,078,556
Partnership distributions	(761,088)	(497,421)	(1,652,203)	(2,910,712)
Balance, December 31, 2000	$8,148,261	$5,325,424	$17,688,615	$31,162,300

The Fund XI, XII, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Years Ended December 31, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Net income	$ 2,078,556	$ 853,073
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,092,680	506,582
Changes in assets and liabilities:		
Accounts receivable	(260,537)	(133,777)
Prepaid expenses and other assets	0	(26,486)
Accounts payable	1,723	112,457
Total adjustments	833,866	458,776
Net cash provided by operating activities	2,912,422	1,311,849
Cash flows from financing activities:		
Distributions to joint venture partners	(3,137,611)	(545,571)
Net (decrease) increase in cash and cash equivalents	(225,189)	766,278
Cash and cash equivalents, beginning of year	766,278	0
Cash and cash equivalents, end of year	$ 541,089	$ 766,278
Supplemental disclosure of noncash activities:		
Deferred project costs contributed to joint venture	$ 0	$ 1,294,686
Contribution of real estate assets to joint venture	$ 0	$31,072,562

Fund XII and REIT Joint Venture

On May 10, 2000, the Operating Partnership entered into a joint venture with Wells Fund XII. The joint venture, Fund XII and REIT Joint Venture, was formed to acquire, develop, operate, and sell real property. On May 20, 2000, the joint venture purchased a 77,054 square-foot, three-story office building, known as the Siemens Building in Troy, Oakland County, Michigan. On December 28, 2000, the joint venture purchased a 50,000 square-foot one-story office building and a 78,500 square-foot two-story office building, collectively known as the AT&T Call Center Buildings in Oklahoma City, Oklahoma County, Oklahoma.

Following are the financial statements for Fund XII and REIT Joint Venture:

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Balance Sheet
December 31, 2000

Assets

Real estate assets, at cost:	
Land	$ 4,420,405
Building and improvements, less accumulated depreciation of $324,732	26,004,918
Total real estate assets	30,425,323
Cash and cash equivalents	207,475
Accounts receivable	130,490
Total assets	$30,763,288

Liabilities and Partners' Capital

Liabilities:	
Partnership distributions payable	$ 208,261
Partners' capital:	
Wells Real Estate Fund XII	16,242,127
Wells Operating Partnership, L.P.	14,312,900
Total partners' capital	30,555,027
Total liabilities and partners' capital	$30,763,288

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Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Income
for the Period From Inception (May 10, 2000)
Through December 31, 2000

Revenues:	
Rental income	$974,796
Interest income	2,069
	976,865
Expenses:	
Depreciation	324,732
Management and leasing fees	32,756
Partnership administration	3,917
Operating costs, net of reimbursements	1,210
	362,615
Net income	$614,250
Net income allocated to Wells Real Estate Fund XII	$309,190
Net income allocated to Wells Operating Partnership, L.P.	$305,060

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Period From Inception (May 10, 2000)
Through December 31, 2000

	Wells Real Estate Fund XII	Wells Operating Partnership, L.P.	Total Partners' Capital
Balance, May 10, 2000	$ 0	$ 0	$ 0
Net income	309,190	305,060	614,250
Partnership contributions	16,340,885	14,409,170	30,750,055
Partnership distributions	(407,948)	(401,330)	(809,278)
Balance, December 31, 2000	$16,242,127	$14,312,900	$ 30,555,027

Fund XII and REIT Joint Venture
(A Georgia Joint Venture)
Statement of Cash Flows
for the Period From Inception (May 10, 2000)
Through December 31, 2000

Cash flows from operating activities:	
Net income	$ 614,250
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	324,732
Changes in assets and liabilities:	
Accounts receivable	(130,490)
Total adjustments	194,242
Net cash provided by operating activities	808,492
Cash flows from investing activities:	
Investment in real estate	(29,520,043)
Cash flows from financing activities:	
Distributions to joint venture partners	(601,017)
Contributions received from partners	29,520,043

Net cash provided by financing activities	28,919,026
Net increase in cash and cash equivalents	207,475
Cash and cash equivalents, beginning of year	0
Cash and cash equivalents, end of year	$ 207,475
Supplemental disclosure of non cash activities:	
Deferred project costs contributed to joint venture	$ 1,230,012

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the years ended December 31, 2000 and 1999 are calculated as follows:

	2000	1999
Financial statement net income	$ 8,552,967	$3,884,649
Increase (decrease) in net income resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	3,511,353	739,963
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(1,822,220)	(802,309)
Expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	37,675	49,906
Income tax basis net income	$10,279,775	$3,872,209

The Operating Partnership's income tax basis partners' capital at December 31, 2000 and 1999 is computed as follows:

	2000	1999
Financial statement partners' capital	$265,341,612	$116,015,595
Increase (decrease) in partners' capital resulting from:		
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	4,543,602	822,581
Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	12,896,312	12,896,312
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(2,647,246)	(837,736)
Accumulated expenses deductible when paid for income tax purposes, accrued for financial reporting purposes	89,215	51,540
Dividends payable	1,025,010	2,166,701
1999 True-up adjustment	(222,378)	0
Income tax basis partners' capital	$281,026,127	$131,114,993

7. RENTAL INCOME

The future minimum rental income due from the Operating Partnership's direct investment in real estate or its respective ownership interest in the joint ventures under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 42,753,778
2002	43,073,142
2003	43,776,297
2004	44,836,991
2005	42,926,909
Thereafter	176,795,438
	$394,162,555

One tenant contributed 13% of rental income for the year ended December 31, 2000. In addition, two tenants will contribute 13%, 16%, and 12% of future

minimum rental income.

Future minimum rental income due from Fund VIII, IX, and REIT Joint Venture under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$1,234,309
2002	1,287,119
2003	1,287,119
2004	107,260
	$3,915,807

Two tenants contributed 52% and 48% of rental income for the year ended December 31, 2000. In addition, one tenant will contribute 100% of future minimum rental income.

The future minimum rental income due from Fund IX, X, XI, and REIT Joint Venture under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 4,413,780
2002	3,724,218
2003	3,617,437
2004	3,498,478
2005	2,482,821
Thereafter	5,436,524
	$ 23,173,258

Four tenants contributed 25%, 24%, 13%, and 13% of rental income for the year ended December 31, 2000. In addition, four tenants will contribute 38%, 21%, 20%, and 19% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 809,580
2002	834,888
2003	695,740
	$ 2,340,208

One tenant contributed 100% of rental income for the year ended December 31, 2000 and will contribute 100% of future minimum rental income.

The future minimum rental income due Wells/Fremont Associates under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 869,492
2002	922,444
2003	950,118
2004	894,832
	$ 3,636,886

One tenant contributed 100% of rental income for the year ended December 31, 2000 and will contribute 100% of future minimum rental income.

The future minimum rental income due from Fund XI, XII, and REIT under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 3,135,340
2002	2,598,606
2003	2,946,701
2004	3,445,193
2005	3,495,155
Thereafter	6,169,579
	$ 21,790,574

Four tenants contributed approximately 30%, 24%, 23%, and 15% of rental income for the year ended December 31, 2000. In addition, four tenants will contribute approximately 28%, 27%, 26%, and 19% of future minimum rental income.

The future minimum rental income due Fund XII and REIT under noncancelable operating leases at December 31, 2000 is as follows:

Year ended December 31:	
2001	$ 2,888,084
2002	2,920,446
2003	2,952,809
2004	2,985,172
2005	3,017,534
Thereafter	13,650,288
	$ 28,414,333

One tenant contributed approximately 86% of rental income for the year ended December 31, 2000. In addition, two tenants will contribute approximately 49% and 45% of future minimum rental income.

8. NOTES PAYABLE

As of December 31, 2000, the Operating Partnership's notes payable included the following:

Note payable to Bank of America; interest at LIBOR plus 200 basis points, principal and interest payable monthly; due March 31, 2001; collateralized by the Operating Partnership's interests in the AT&T Building, the AT&T Call Center Buildings, the Matsushita Building, the Motorola South Plainfield Building, and the Marconi Building	$ 14,300,150
Note payable to Bank of America; interest at LIBOR plus 200 basis points; principal and interest payable monthly; due January 4, 2002	112,937
Note payable to Guaranty Federal Bank; interest at LIBOR plus 180 basis points; principal and interest payable monthly; due December 20, 2001; collateralized by the Operating Partnership's interest in the Stone & Webster Building	32,400,000
Note payable to Cardinal Capital, Inc.; interest at 6%; principal and interest payable monthly; due March 31, 2001; collateralized by the Operating Partnership's interest in the Stone & Webster Building	$ 3,000,000

Note payable to Richter-Schroeder Company, Inc.; interest at LIBOR plus

175 basis points; principal and interest payable monthly; due January 31, 3003; collateralized by the Operating Partnership's interest in the Metris Oklahoma Building	8,000,000
Note payable to SouthTrust Bank; interest at LIBOR plus 175 basis points; principal and interest payable monthly; due June 10, 2002; collateralized by the Operating Partnership's interests in the Cinemark Building, the Dial Building, the ASML Building, the Alstom Power Richmond Building, the Avaya Building, the Motorola Tempe Building, and the PricewaterhouseCoopers Building	69,850,100
Total	$127,663,187

The contractual maturities of the Operating Partnerhip's notes payable are as follows as of December 31, 2000:

2001	$101,472,657
2002	25,856,779
2003	333,751
Total	$127,663,187

9. COMMITMENTS AND CONTINGENCIES

Management, after consultation with legal counsel, is not aware of any significant litigation or claims against the Company, the Operating Partnership, or the Advisor. In the normal course of business, the Company, the Operating Partnership, or the Advisor may become subject to such litigation or claims.

10. SHAREHOLDERS' EQUITY

Common Stock Option Plan

The Wells Real Estate Investment Trust, Inc. Independent Director Stock Option Plan ("the Plan") provides for grants of stock to be made to independent nonemployee directors of the Company. Options to purchase 2,500 shares of common stock at $12 per share are granted upon initially becoming an independent director of the Company. Of these shares, 20% are exercisable immediately on the date of grant. An additional 20% of these shares become exercisable on each anniversary following the date of grant for a period of four years. Effective on the date of each annual meeting of shareholders of the Company, beginning in 2000, each independent director will be granted an option to purchase 1,000 additional shares of common stock. These options vest at the rate of 500 shares per full year of service thereafter. All options granted under the Plan expire no later than the date immediately following the tenth anniversary of the date of grant and may expire sooner in the event of the disability or death of the optionee or if the optionee ceases to serve as a director.

The Company has adopted the disclosure provisions in SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by the provisions of SFAS No. 123, the Company applies Accounting Principles Board Opinion No. 25 and the related interpretations in accounting for its stock option plans and, accordingly, does not recognize compensation cost.

A summary of the Company's stock option activity during 2000 and 1999 is as follows:

	Number	Exercise Price
Outstanding at December 31, 1998	0	$ 0
Granted	17,500	12
Outstanding at December 31, 1999	17,500	12
Granted	7,000	12

Outstanding at December 31, 2000	24,000	$ 12
Outstanding options exercisable as of December 31, 2000	7,000	$ 12

For SFAS No. 123 purposes, the fair value of each stock option for 2000 and 1999 has been estimated as of the date of the grant using the minimum value method. The weighted average risk-free interest rates assumed for 2000 and 1999 were 6.45% and 5.97%, respectively. Dividend yields of 7.3% were assumed for both years. The expected life of an option was assumed to be 4 years and 5 years for 2000 and 1999, respectively. Based on these assumptions, the fair value of the options granted during 2000 and 1999 is $0.

Treasury Stock

During 1999, the Company's Board of Directors authorized a dividend reinvestment program (the "DRP"), through which common shareholders may elect to reinvest an amount equal to the dividends declared on their common shares into additional shares of the Company's common stock in lieu of receiving cash dividends. During 2000, the Company's Board of Directors authorized a common stock repurchase plan subject to the amount reinvested in the Company's common shares through the DRP and 3% of the average common shares outstanding during the preceding year (the "limitations"). During 2000, the Company's Board of Directors authorized $2,436,495 in common stock repurchases. Accordingly, the Company repurchased 142,297 of its own common shares at an aggregate cost of $1,412,969. These transactions were funded with cash on hand and did not exceed either of the limitations.

11. QUARTERLY RESULTS (UNAUDITED)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2000 and 1999:

	2000 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$3,710,409	$5,537,618	$6,586,611	$7,638,568
Net income	1,691,288	1,521,021	2,525,228	2,815,430
Basic and diluted earnings per share	$ 0.11	$ 0.08	$ 0.11	$ 0.10
Dividends per share	0.18	0.18	0.18	0.19

	1999 Quarters Ended			
	March 31	June 30	September 30	December 31
Revenues	$ 988,000	$1,204,938	$1,803,352	$2,499,105
Net income	393,438	601,975	1,277,019	1,612,217
Basic and diluted earnings per share	$ 0.10	$ 0.09	$ 0.18	$ 0.13
Dividends per share	0.17	0.17	0.18	0.18

PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (Tables) provide information relating to real estate investment programs sponsored by Wells Capital, Inc., our Advisor, and its affiliates (Wells Public Programs) which have investment objectives similar to Wells Real Estate Investment Trust, Inc. (Wells REIT). (See "Investment Objectives and Criteria.") All of the Wells Public Programs, except for the Wells REIT, have used substantial amounts of capital, and no acquisition indebtedness, to acquire their properties.

Prospective investors should read these Tables carefully together with the summary information concerning the Wells Public Programs as set forth in

"Prior Performance Summary" section of this prospectus.

Investors in the Wells REIT will not own any interest in other Wells Public Programs and should not assume that they will experience returns, if any, comparable to those experienced by investors in other Wells Public Programs.

The advisor is responsible for the acquisition, operation, maintenance and resale of the real estate properties. The financial results of the Wells Public Programs, thus, may provide some indication of the advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

Table I - Experience in Raising and Investing Funds (As a Percentage of Investment)

Table II - Compensation to Sponsor (in Dollars)

Table III - Annual Operating Results of Wells Public Programs

Table IV (Results of completed programs) has been omitted since none of the Wells Public Programs have been liquidated.

Table V - Sales or Disposals of Property

Additional information relating to the acquisition of properties by the Wells Public Programs is contained in Table VI, which is included in Part II of the registration statement which the Wells REIT has filed with the Securities and Exchange Commission. As described above, no Wells Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request.

The following are definitions of certain terms used in the Tables:

"Acquisition Fees" shall mean fees and commissions paid by a Wells Public Program in connection with its purchase or development of a property, except development fees paid to a person not affiliated with the Wells Public Program or with a general partner or advisor of the Wells Public Program in connection with the actual development of a project after acquisition of the land by the Wells Public Program.

"Organization Expenses" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the sponsor in connection with the planning and formation of the Wells Public Program.

"Underwriting Fees" shall include selling commissions and wholesaling fees paid to broker-dealers for services provided by the broker-dealers during the offering.

TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the sponsors of Wells Public Programs for which offerings have been completed since December 31, 1997. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties. All figures are as of December 31, 2000.

	Wells Real Estate Fund	Wells Real Estate Fund	Wells Real Estate Investment

	X, L.P.	XI, L.P.	Trust, Inc.
Dollar Amount Raised	$ 27,128,912/(4)/	$ 16,532,802/(5)/	$ 307,411,112/(5)/
Percentage Amount Raised	100%/(4)/	100%/(5)/	100%/(5)/
Less Offering Expenses			
Underwriting Fees	10.0%	9.5%	9.5%
Organizational Expenses	5.0%	3.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	87.5%	87.5%
Acquisition and Development Costs			
Prepaid Items and Fees related to Purchase of Property	5.4%	0.0%	0.5%
Cash Down Payment	60.5%	84.0%	73.8%
Acquisition Fees/(2)/	4.0%	3.5%	3.5%
Development and Construction Costs	14.1%	0.0%	9.7%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	84.0%	87.5%	87.5%
Percent Leveraged	0.0%	0.0%	30.9%
Date Offering Began	12/31/96	12/31/97	01/30/98
Length of Offering	12 mo.	12 mo.	35mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	19 mo.	20 mo.	21mo.
Number of Investors as of 12/31/00	1,812	1,341	7,422

(1) Does not include general partner contributions held as part of reserves.
(2) Includes acquisition fees, real estate commissions, general contractor fees and/or architectural fees paid to affiliates of the general partners.
(3) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund X, L.P. closed its offering on December 30, 1997, and the total dollar amount raised was $27,128,912.
(4) Total dollar amount registered and available to be offered was $35,000,000. Wells Real Estate Fund XI, L.P. closed its offering on December 30, 1998, and the total dollar amount raised was $16,532,802.
(5) The total dollar amount registered and available to be offered in the first offering was $165,000,000. Wells Real Estate Investment Trust, Inc. closed its initial offering on December 19, 1999, and the total dollar amount raised in its initial offering was $132,181,919. The total dollar amount registered and available to be offered in the second offering was $222,000,000. Wells Real Estate Investment Trust, Inc. closed its second offering on December 19, 2000, and the total dollar amount raised in its second offering was $175,229,193.

TABLE II
(UNAUDITED)
COMPENSATION TO SPONSOR

The following sets forth the compensation received by Wells Capital and its affiliates, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Wells Public Programs having similar or identical investment objectives the offerings of which have been completed since December 31, 1997. All figures are as of December 31, 2000.

Wells Real Estate Fund X, L.P.	Wells Real Estate Fund XI, L.P.	Wells Real Estate Investment Trust, Inc./(1)/	Other Public Programs/(2)/

Date Offering Commenced	12/31/96	12/31/97	01/30/98	--
Dollar Amount Raised	$ 27,128,912	$ 16,532,802	$ 307,411,112	$ 241,241,095
To Sponsor from Proceeds of Offering:				
Underwriting Fees/(3)/	$ 260,748	$ 151,911	$ 3,076,844	$ 1,233,722
Acquisition Fees				
Real Estate Commissions	--	--	--	--
Acquisition and Advisory Fees/(4)/	$ 1,085,157	$ 578,648	$ 10,759,389	$ 11,559,399
Dollar Amount of Cash Generated from Operations				
Before Deducting Payments to Sponsor/(5)/	$ 6,317,750	$ 2,258,811	$ 20,419,727	$ 50,226,112
Amount Paid to Sponsor from Operations:				
Property Management Fee/(2)/	$ 186,223	$ 59,759	$ 664,993	$ 1,869,215
Partnership Management Fee	--	--	--	--
Reimbursements	$ 155,940	$ 109,640	$ 321,593	$ 1,871,038
Leasing Commissions	$ 256,922	$ 71,051	$ 664,993	$ 2,099,939
General Partner Distributions	--	--	--	--
Other	--	--	--	--
Dollar Amount of Property Sales and Refinancing				
Payments to Sponsors:				
Cash	--	--	--	--
Notes	--	--	--	--
Amount Paid to Sponsor from Property Sales and Refinancing:				
Real Estate Commissions	--	--	--	--
Incentive Fees	--	--	--	--
Other	--	--	--	--

(1) The total dollar amount registered and available to be offered in the first offering was $165,000,000. Wells Real Estate Investment Trust, Inc. closed its initial offering on December 19, 1999, and the total dollar amount raised in its initial offering was $132,181,919. The total dollar amount registered and available to be offered in the second offering was $222,000,000. Wells Real Estate Investment Trust, Inc. closed its second offering on December 19, 2000, and the total dollar amount raised in its second offering was $175,229,193.

(2) Includes compensation paid to the general partners from Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P. during the past three years. In addition to the amounts shown, affiliates of the general partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Wells Real Estate Fund I. As of December 31, 2000, the amount of such deferred fees due the general partners totaled $2,520,040.

(3) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offering which was not reallowed to participating broker-dealers.

(4) Fees paid to the general partners or their affiliates for acquisition and advisory services in connection with the review and evaluation of potential real property acquisitions.

(5) Includes $140,562 in net cash provided by operating activities, $5,578,104 in distributions to limited partners and $599,084 in payments to sponsor for Wells Real Estate Fund X, L.P.; $(82,877) in net cash used by operating activities, $2,11,238 in distributions to limited partners and $240,450 in payments to

sponsor for Wells Real Estate Fund XI, L.P.; $11,052,365 in net cash provided by operating activities, $20,880,495 in dividends and $1,651,579 in payments to sponsor for Wells Real Estate Investment Trust, Inc.; and $1,903,465 in net cash provided by operating activities, $42,482,455 in distributions to limited partners and $5,840,192 in payments to sponsor for other public programs.

TABLE III
(UNAUDITED)

The following six tables set forth operating results of Wells Public Programs the offerings of which have been completed since December 31, 1995. The information relates only to public programs with investment objectives similar to those of Wells Fund XIII. All figures are as of December 31 of the year indicated.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND VII, L.P.

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$ 961,858	$ 982,630	$ 846,306	$ 816,237	$ 543,291
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	78,876	85,273	85,722	76,838	84,265
Depreciation and Amortization/(3)/	--	1,562	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 882,982	$ 895,795	$ 754,334	$ 733,149	$ 452,776
Taxable Income: Operations	$1,173,394	$ 1,255,666	$ 1,109,096	$ 1,008,368	$ 657,443
Cash Generated (Used By):					
Operations	(60,735)	(82,763)	(72,194)	(43,250)	20,883
Joint Ventures	1,921,437	1,777,010	1,770,742	1,420,126	760,628
	1,860,702	$ 1,694,247	$ 1,698,548	$ 1,376,876	$ 781,511
Less Cash Distributions to Investors:					
Operating Cash Flow	1,860,702	1,688,290	1,636,158	1,376,876	781,511
Return of Capital	--	--	--	2,709	10,805
Undistributed Cash Flow from Prior Year Operations	26,481	--	--	--	--
Cash Generated (Deficiency) after Cash Distributions	(26,481)	$ 5,957	62,390	$ (2,709)	$ (10,805)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	$ --	$ --	$ --	$ --
	(26,481)	$ 5,957	$ 62,390	$ (2,709)	$ (10,805)
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	--
Return of Original Limited Partner's Investment	--	--	--	--	--
Property Acquisitions and Deferred Project Costs	0	0	181,070	169,172	736,960
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (26,481)	$ 5,957	$ (118,680)	$ (171,881)	$ (747,765)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	63	93	85	86	62
- Operations Class B Units	(107)	(248)	(224)	(168)	(98)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	90	89	82	78	55
- Operations Class B Units	(178)	(144)	(134)	(111)	(58)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:		(144)			
Source (on GAAP Basis)		--			
- Investment Income Class A Units	63		81	70	43
- Return of Capital Class A Units	29		--	--	--
- Return of Capital Class B Units	--	83	--	--	--
Source (on Cash Basis)		--			
- Operations Class A Units	91	--	81	70	42
- Return of Capital Class A Units	1		--	--	1
- Operations Class B Units	--		--	--	--
Source (on a Priority Distribution Basis)/(5)/		83			
- Investment income Class A Units	74	--	65	54	29
- Return of Capital Class A Units	18	--	16	16	14
- Return of Capital Class B Units	--		--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $457,144 in equity in earnings of joint ventures and $86,147 from investment of reserve funds in 1996, $785,398 in equity in earnings of joint ventures and $30,839 from investment of reserve funds in 1997, $839,037 in equity in earnings of joint ventures and $7,269 from investment of reserve funds in 1998, $981,104 in equity in earnings of joint ventures and $1,526 from investment of reserve funds in 1999 and

$944,165 in equity in earnings of joint ventures and $17,693 from investment of reserve funds in 2000. As of December 31, 2000, the leasing status was 98.7% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $140,533 for 1995, $605,247 for 1996, $877,869 for 1997, $955,245 for 1998, $982,052 for 1999, and $957,862 for 2000.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $1,062,605 to Class A Limited Partners, $(609,829) to Class B Limited Partners and $0 to the General Partners for 1996; $1,615,965 to class A Limited Partners, $(882,816) to Class B Limited Partners and $0 to the General Partners for 1997; $1,704,213 to Class A Limited Partners, $(949,879) to Class B Limited Partners and $0 to the General Partners for 1998; $1,879,410 to Class A Limited Partners, $(983,615) to Class B Limited Partners and $0 to the General Partners for 1999, and $1,286,161 to Class A Limited Partners, $(403,179) to Class B Limited Partners and $0 to the General Partners for 2000.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $2,053,320.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND VIII, L.P.

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$ 1,373,795	$ 1,360,497	$ 1,362,513	$ 1,204,018	$ 1,057,694
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,732	87,301	87,092	95,201	114,854
Depreciation and Amortization/(3)/	0	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	1,288,063	$ 1,266,946	$ 1,269,171	$ 1,102,567	$ 936,590
Taxable Income: Operations	1,707,431	$ 1,672,844	$ 1,683,192	$ 1,213,524	$ 1,001,974
Cash Generated (Used By):					
Operations	(68,968)	(87,298)	(63,946)	7,909	623,268
Joint Ventures	2,474,151	2,558,623	2,293,504	1,229,282	279,984
	$ 2,405,183	$ 2,471,325	$ 2,229,558	$ 1,237,191	$ 903,252
Less Cash Distributions to Investors:					
Operating Cash Flow	2,405,183	2,379,215	2,218,400	1,237,191	903,252
Return of Capital	--	--	--	183,315	2,443
Undistributed Cash Flow from Prior Year Operations	82,180	--	--	--	225,077
Cash Generated (Deficiency) after Cash Distributions	$ (82,180)	$ 92,110	$ 11,158	$ (183,315)	$ (227,520)
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions/(5)/	--	--	--	--	1,898,147
	$ (82,180)	$ 92,110	$ 11,158	$ (183,315)	$ 1,670,627
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	464,760
Return of Limited Partner's Investment	--	--	--	8,600	--
Property Acquisitions and Deferred Project Costs	0	0	1,850,859	10,675,811	7,931,566
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (82,180)	$ 92,110	$ (1,839,701)	$(10,867,726)	$ (6,725,699)
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	84	91	91	73	46
- Operations Class B Units	(219)	(247)	(212)	(150)	(47)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	89	88	89	65	46
- Operations Class B Units	(169)	154	(131)	(95)	(33)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					

- Investment Income Class A Units	83	87	83	54	43
- Return of Capital Class A Units	7	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	87	87	83	47	43
- Return of Capital Class A Units	3	--	--	7	0
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	73	70	69	42	33
- Return of Capital Class A Units	17	17	16	12	10
- Return of Capital Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $241,819 in equity in earnings of joint ventures and $815,875 from investment of reserve funds in 1996, $1,034,907 in equity in earnings of joint ventures and $169,111 from investment of reserve funds in 1997, $1,346,367 in equity in earnings of joint ventures and $16,146 from investment of reserve funds in 1998, $1,360,494 in equity in earnings of joint ventures and $3 from investment of reserve funds in 1999 and $1,363,174 in equity in earnings of joint ventures and $10,621 from investment of reserve funds in 2000. As of December 31, 2000, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $265,259 for 1996, $841,666 for 1997, $1,157,355 for 1998, $1,209,171 for 1999 and $1,173,630 for 2000.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $1,207,540 to Class A Limited Partners, $(270,653) to Class B Limited Partners and $(297) to the General Partners for 1996; $1,947,536 to Class A Limited Partners, $(844,969) to Class B Limited Partners and $0 to the General Partners for 1997; $2,431,246 to Class A Limited Partners, $(1,162,075) to Class B Limited Partners and $0 to the General Partners for 1998; $2,481,559 to Class A Limited Partners, $(1,214,613) to Class B Limited Partners and $0 to the General Partners for 1999, and $2,294,288 to Class A Limited Partners, $(1,006,225) to Class B Limited Partners and $0 to the General Partners for 2000.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,940,951.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS

WELLS REAL ESTATE FUND IX, L.P.

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$1,836.768	$1,593,734	$ 1,561,456	$ 1,199,300	$ 406,891
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	78,092	90,903	105,251	101,284	101,885
Depreciation and Amortization/(3)/	0	12,500	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$1,758,676	$1,490,331	$ 1,449,955	$ 1,091,766	$ 298,756
Taxable Income: Operations	$2,147,094	$1,924,542	$ 1,906,011	$ 1,083,824	$ 304,552
Cash Generated (Used By):					
Operations	$ (66,145)	$ (94,403)	$ 80,147	$ 501,390	$ 151,150
Joint Ventures	2,831,329	2,814,870	2,125,489	527,390	--
	$2,765,184	$2,720,467	$ 2,205,636	$ 1,028,780	$ 151,150
Less Cash Distributions to Investors:					
Operating Cash Flow	2,707,684	2,720,467	2,188,189	1,028,780	149,425
Return of Capital	--	15,528	--	41,834	--
Undistributed Cash Flow From Prior Year Operations	--	17,447	--	1,725	--

Cash Generated (Deficiency) after Cash Distributions	$ 57,500	$ (32,975)	$ 17,447	$ (43,559)	$ 1,725
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	--	35,000,000
	$ 57,500	$ (32,975)	$ 17,447	$ (43,559)	$35,001,725
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	323,039	4,900,321
Return of Original Limited Partner's Investment	--	--	--	100	--
Property Acquisitions and Deferred Project Costs	44,357	190,853	9,455,554	13,427,158	6,544,019
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 13,143	$ (223,828)	$(9,438,107)	$(13,793,856)	$23,557,385
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	93	89	88	53	28
- Operations Class B Units	(267)	(272)	(218)	(77)	(11)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	91	86	85	46	26
- Operations Class B Units	(175)	(164)	(123)	(47)	(48)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	87	88	73	36	13
- Return of Capital Class A Units	--	2	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	87	89	73	35	13
- Return of Capital Class A Units	--	1	--	1	--
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	76	77	61	29	10
- Return of Capital Class A Units	11	13	12	7	3
- Return of Capital Class B Units	--	--	--	--	--

Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%

(1) Includes $23,077 in equity in earnings of joint ventures and $383,884 from investment of reserve funds in 1996, and $593,914 in equity in earnings of joint ventures and $605,386 from investment of reserve funds in 1997, $1,481,869 in equity in earnings of joint ventures and $79,587 from investment of

reserve funds in 1998, $1,593,734 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999, and $1,829,216 in equity in earnings of joint ventures and $7,552 from investment of reserve funds in 2000. As of December 31, 2000, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $25,286 for 1996, $469,126 for 1997, $1,143,407 for 1998, $1,210,939 for 1999, and $1,100,915 for 2000.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $330,270 to Class A Limited Partners, $(31,220) to Class B Limited Partners and $(294) to the General Partners for 1996; $1,564,778 to Class A Limited Partners, $(472,806) to Class B Limited Partners and $(206) to the General Partners for 1997; $2,597,938 to Class A Limited Partners, $(1,147,983) to Class B Limited Partners and $0 to the General Partners for 1998, $2,713,636 to Class A Limited Partners, $(1,223,305) to Class B Limited Partners and $0 to the General Partners for 1999, and $2,858,806 to the Class A Limited Partners, $(1,100,130) to Class B Limited Partners and $0 to the General Partners for 2000.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,332,403.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS

WELLS REAL ESTATE FUND X, L.P.

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$1,557,518	$ 1,309,281	$ 1,204,597	$ 372,507	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	81,338	98,213	99,034	88,232	
Depreciation and Amortization/(3)/	0	18,750	55,234	6,250	
Net Income GAAP Basis/(4)/	$1,476,180	$ 1,192,318	$ 1,050,329	$ 278,025	
Taxable Income: Operations	$1,692,792	$ 1,449,771	$ 1,277,016	$ 382,543	
Cash Generated (Used By):					
Operations	(59,595)	(99,862	300,019	200,668	
Joint Ventures	2,192,397	2,175,915	886,846	--	
	$2,132,802	$ 2,076,053	$ 1,186,865	$ 200,668	
Less Cash Distributions to Investors:					
Operating Cash Flow	2,103,260	2,067,801	1,186,865	--	
Return of Capital	--	--	19,510	--	
Undistributed Cash Flow From Prior Year Operations	--	--	200,668	--	
Cash Generated (Deficiency) after Cash Distributions	$ 29,542	$ 8,252	$ (220,178)	$ 200,668	
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	
Increase in Limited Partner Contributions		--	--	27,128,912	
	$ 29,542	$ 8,252	$ (220,178)	$27,329,580	
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	300,725	3,737,363	
Return of Original Limited Partner's Investment	--	--	--	100	
Property Acquisitions and Deferred Project Costs	81,022	0	17,613,067	5,188,485	
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (51,480)	$ 8,252	$(18,133,970)	$18,403,632	
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)	104	97	85	28	
- Operations Class A Units	(159)	(160)	(123)	(9)	
- Operations Class B Units	--	--	--	--	
Capital Gain (Loss)					
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	98	92	78	35	
- Operations Class B Units	(107)	(100)	(64)	0	
Capital Gain (Loss)	--	--	--	--	
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	94	95	66	--	
- Return of Capital Class A Units	--	--	--	--	
- Return of Capital Class B Units	--	--	--	--	
Source (on Cash Basis)					
- Operations Class A Units	94	95	56	--	
- Return of Capital Class A Units	--	--	10	--	
- Operations Class B Units	--	--	--	--	
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	74	71	48	--	
- Return of Capital Class A Units	20	24	18	--	
- Return of Capital Class B Units	--	--	--	--	

Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%

(1) Includes $(10,035) in equity in earnings of joint ventures and $382,542 from investment of reserve funds in 1997, and $869,555 in equity in earnings of joint ventures and $215,042 from investment of reserve funds in 1998, $1,309,281 in equity in earnings of joint ventures and $0 from investment of reserve funds in 1999, and 1,547,664 in equity in earnings of joint ventures and $9,854 from investment of reserve funds in 2000. As of December 31, 2000, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is

depreciation of $18,675 for 1997, $674,986 for 1998, $891,911 for 1999, and $816,544 for 2000.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $302,862 to Class A Limited Partners, $(24,675) to Class B Limited Partners and $(162) to the General Partners for 1997; $1,779,191 to Class A Limited Partners, $(728,524) to Class B Limited Partners and $(338) to General Partners for 1998; $2,084,229 to Class A Limited Partners, $(891,911) to Class B Limited Partners and $0 to the General Partners for 1999, and $2,292,724 to Class A Limited Partners, $(816,544) to Class B Limited Partners and $0 to the General Partners for 2000.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $1,354,118.

TABLE III (UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND XI, L.P.

	2000	1999	1998	1997	1996
Gross Revenues/(1)/	$ 975,850	$ 766,586	$ 262,729	N/A	N/A
Profit on Sale of Properties	--	--	--		
Less: Operating Expenses/(2)/	79,861	111,058	113,184		
Depreciation and Amortization/(3)/	--	25,000	6,250		
Net Income GAAP Basis/(4)/	$ 895,989	$ 630,528	$ 143,295		
Taxable Income: Operations	$ 944,775	$ 704,108	$ 177,692		
Cash Generated (Used By):					
Operations	(72,925)	40,906	(50,858)		
Joint Ventures	1,333,337	705,394	102,662		
	$ 1,260,412	$ 746,300	$ 51,804		
Less Cash Distributions to Investors:					
Operating Cash Flow	1,205,303	746,300	51,804		
Return of Capital	--	49,761	48,070		
Undistributed Cash Flow From Prior Year Operations	--	--	--		
Cash Generated (Deficiency) after Cash Distributions	$ 55,109	$ (49,761)	$ (48,070)		
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--		
Increase in Limited Partner Contributions	--	--	16,532,801		
	$ 55,109	$ (49,761)	$ 16,484,731		
Use of Funds:					
Sales Commissions and Offering Expenses	--	214,609	1,779,661		
Return of Original Limited Partner's Investment	--	100	--		
Property Acquisitions and Deferred Project Costs		9,005,979	5,412,870		
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 55,109	$ (9,270,449)	$ 9,292,200		
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	103	77	50		
- Operations Class B Units	(155)	(112)	(77)		
Capital Gain (Loss)	--	--	--		
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	97	71	18		
- Operations Class B Units	(112)	(73)	(17)		
Capital Gain (Loss)	--	--	--		
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	90	60	8		
- Return of Capital Class A Units	--	--	--		
- Return of Capital Class B Units	--	--	--		
Source (on Cash Basis)					
- Operations Class A Units	90	56	4		
- Return of Capital Class A Units	--	4	4		
- Operations Class B Units	--	--	--		
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	69	46	6		
- Return of Capital Class A Units	21	14	2		
- Return of Capital Class B Units	--	--	--		
Amount (in Percentage Terms) Remaining Invested in					
Program Properties at the end of the Last Year Reported in the Table	100%				

(1) Includes $142,163 in equity in earnings of joint ventures and $120,566 from investment of reserve funds in 1998, $607,579 in equity in earnings of joint ventures and $159,007 from investment of reserve funds in 1999 and $967,900 in equity in earnings of joint ventures and $7,950 from investment of reserve funds in 2000. As of December 31, 2000, the leasing status was 100% including developed property in initial lease up.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $105,458 for 1998, $353,840 for 1999, and $485,558 for 2000.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $254,862 to Class A Limited Partners, $(111,067) to Class B Limited Partners and $(500) to General Partners for 1998; $1,009,368 to Class A Limited Partners, $(378,840) to Class B Limited Partners and $0 to the General Partners for 1999, and $1,381,547 to Class A Limited Partners, $(485,558) to Class B Limited Partners and $0 to General Partners for 2000.

(5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 2000, the aggregate amount of such priority distributions payable to Class B Limited Partners totaled $493,292.

TABLE V (UNAUDITED)
SALES OR DISPOSAL OF PROPERTIES

The following Table sets forth sales or other disposals of properties by Wells Public Programs within the most recent three years. The information relates to only public programs with investment objectives similar to those of Wells Real Estate Investment Trust, Inc. All figures are as of December 31, 2000.

Property	Date Acquired	Date Of Sale	Selling Price, Net Of Closing Costs And GAAP Adjustments					Original Mortgage Financing	Cost Of Properties Including Closing And Soft Costs	Excess (Deficiency) Of Property Operating Cash Receipts Over Cash Expenditures
			Cash Received Net Of Closing Costs	Mortgage Balance At Time Of Sale	Purchase Money Mortgage Taken Back By Program	Adjustments Resulting From Application Of GAAP	Total/1/		Total Acquisition Cost, Capital Improvement, Closing And Soft Costs/2/	Total
3875 Peachtree Place, Atlanta, Georgia	12/1/85	08/31/00	$704,496	-0-	-0-	-0-	$704,496	-0-	$647,648	$647,648

_____

/1/ Includes Wells Real Estate Fund I's share of taxable gain from this sale in the amount of $184,161, of which $184,161 is allocated to capital gain and $0 is allocated to ordinary gain.

/2/ Amount shown does not include pro rata share of original offering costs.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 3 DATED JULY 20, 2001 TO THE PROSPECTUS
DATED DECEMBER 20, 2000

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, as supplemented and amended by Supplement No. 1 dated February 5, 2001 and Supplement No. 2 dated April 25, 2001. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) The acquisition of an interest in an office building in Nashville, Tennessee (Comdata Building);

(3) The acquisition of an interest in an office building in Jacksonville, Florida (AmeriCredit Building);

(4) The Joint Venture Partnership Agreement entered into between Wells Real Estate Fund XIII, L.P. (Wells Fund XIII) and Wells Operating Partnership, L.P. (Wells OP);

(5) Revisions to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the prospectus;

(6) Revisions to the "Plan of Distribution" section of the prospectus relating to the issuance of soliciting dealer warrants; and

(7) Financial statements relating to the Comdata Building and the AmeriCredit Building.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of June 30, 2001, we had received an additional $170,293,567 in gross offering proceeds from the sale of 17,029,357 shares in the third offering. Accordingly, as of June 30, 2001, we had received in the aggregate approximately $477,704,679 in gross offering proceeds from the sale of 47,770,468 shares of our common stock.

The Comdata Building

Purchase of the Comdata Building. On May 15, 2001, the Wells Fund XII - REIT Joint Venture Partnership (Fund XII - REIT Joint Venture), a joint venture between Wells Real Estate Fund XII, L.P. (Wells Fund XII) and Wells Operating Partnership, L.P. (Wells OP), the operating partnership for Wells REIT, acquired a three-story office building containing approximately 201,237 rentable square feet located at 5301 Maryland Way, Williamson County, Brentwood, Tennessee (Comdata Building). The Fund XII - REIT Joint Venture purchased the Comdata Building from The Northwestern Mutual

Life Insurance Company (Northwestern) pursuant to that certain Agreement for the Purchase and Sale of Property between Northwestern and Wells Capital, Inc. (Wells Capital), the Advisor to Wells REIT. Northwestern is not in any way affiliated with Wells REIT or its Advisor.

Wells Capital, the original purchaser under the agreement, assigned its rights under the agreement to the Fund XII - REIT Joint Venture at closing. The Fund XII - REIT Joint Venture paid a purchase price of $24,950,000 for the Comdata Building and incurred additional acquisition expenses in connection with the purchase of the Comdata Building, including attorneys' fees, recording fees and other closing costs, of approximately $52,019.

Wells Fund XII made a capital contribution of $8,926,156 and Wells OP made a capital contribution of $16,075,863 to the Fund XII - REIT Joint Venture to fund their respective shares of the acquisition costs for the Comdata Building. As of June 30, 2001, Wells OP had made total capital contributions to the Fund XII- REIT Joint Venture of $29,928,078 and held an equity percentage interest in the joint venture of approximately 55%, and Wells Fund XII had made total capital contributions to the Fund XII - REIT Joint Venture of $24,613,401 and held an equity percentage interest in the joint venture of approximately 45%.

Description of the Comdata Building and the Site. As set forth above, the Comdata Building is a three-story office building containing approximately 201,237 rentable square feet situated on a 12.3 acre tract of land. Construction of the Comdata Building was originally completed in 1989, and the building was subsequently expanded in 1997. The Comdata Building is constructed using a steel frame with steel beams on a concrete slab with concrete footings. The exterior walls are made of a brick shell with an insulated ribbon window system on aluminum mullions. The interior walls consist of textured and painted gypsum board. In addition, the building contains five passenger elevators and a freight elevator. There are approximately 750 paved surface parking spaces at the site.

The Comdata Building is located in the Maryland Farms Office Park in Brentwood, Tennessee. Maryland Farms Office Park is located eight miles south of downtown Nashville, Tennessee. The Nashville area is known for its competitive real estate prices, available space for business, and diversified economic base. Nashville's business areas of strength include manufacturing, publishing, finance and insurance, healthcare management, music, transportation and tourism. The Brentwood submarket is one of Nashville's most desired locations.

An independent appraisal of the Comdata Building was prepared by CB Richard Ellis, Inc., real estate appraisers and consultants, as of April 9, 2001, pursuant to which the market value of the land and the leased fee interest subject to the Comdata lease (described below) was estimated to be $25,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Comdata Building will continue operating at a stabilized level with Comdata Network, Inc. ("Comdata") occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. The Fund XII - REIT Joint Venture also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the Comdata Building were satisfactory.

The Comdata Lease. The entire 201,237 rentable square feet of the three-story office building is currently under a triple-net lease agreement with Comdata, a wholly owned subsidiary of Ceridian Corporation, the guarantor of the lease. The landlord's interest in the Comdata lease was assigned to the Fund XII - REIT Joint Venture at the closing. The Comdata lease commenced on April 1, 1997, and the current term expires on May 31, 2016. Comdata has the right to extend the Comdata lease for one additional five-year period of time at a rate equal to the greater of the base rent of the final year of the initial term or 90% of the then-current fair market rental rate.

Comdata is a leading provider of transaction processing and information services to the transportation and other industries. Comdata provides trucking

companies with fuel cards, electronic cash access, permit and licensing services, routing software, driver relationship services and vehicle escorts, among other services. Comdata provides these services to over 400,000 drivers, 7,000 truck stop service centers and 500 terminal fueling locations.

Ceridian Corporation, the lease guarantor, is one of North America's leading information services companies that serves the human resources and transportation markets. Ceridian and its subsidiaries generate, process and distribute data for customers and help customers develop systems plans and software to perform these functions internally. For the fiscal year ended December 31, 2000, Ceridian reported net income of approximately $100.2 million on revenues of over $1.175 billion.

The base rent payable for the current term of the Comdata lease is as follows:

Lease Years	Annual Rent	Annual Rent Per Square Foot
Year 1	$2,398,672	$11.92
Years 2-6	$2,458,638	$12.22
Years 7-11	$2,518,605	$12.52
Years 12-15	$2,578,572	$12.81

Under the Comdata lease, Comdata is required to pay all operating expenses, including but not limited to, gas, water and electricity costs, garbage and waste disposal, telephone, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies and such other operating expenses with respect to the Comdata Building. In addition, Comdata is responsible for all routine maintenance and repairs to the Comdata Building. The Fund XII - REIT Joint Venture, as landlord, will be responsible for the repair and maintenance of the roof and structural systems of the Comdata Building. Comdata must obtain written consent from the Fund XII - REIT Joint Venture before making any alterations to the premises excluding alterations that (i) are made to the interior tenant space of the Comdata Building, (ii) do not adversely affect the structural integrity or the exterior of the Comdata Building, (iii) do not affect common areas of the Comdata Building including but not limited to the elevators and lobby, and (iv) do not adversely affect the electrical, heating or plumbing systems of the Comdata Building.

Property Management Fees. Wells Management Company, Inc. (Wells Management), an affiliate of the Wells REIT, has been retained to manage and lease the Comdata Building. The Fund XII - REIT Joint Venture will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Comdata Building, subject to certain limitations.

The Wells Fund XIII - REIT Joint Venture

On June 27, 2001, Wells OP and Wells Real Estate Fund XIII, L.P. (Wells Fund XIII) entered into a Joint Venture Partnership Agreement for the purpose of acquiring, owning, leasing, operating and managing real properties. The joint venture partnership is known as the Wells Fund XIII - REIT Joint Venture (XIII-REIT Joint Venture). All income, loss, profit, net cash flow, resale gain and sale proceeds of the XIII-REIT Joint Venture are allocated and distributed between Wells OP and Wells Fund XIII based upon their respective capital contributions to the joint venture.

Wells OP is acting as the initial Administrative Venturer of the XIII-REIT Joint Venture and, as such, is responsible for establishing policies and operating procedures with respect to the business and affairs of the joint venture. However, approval of Wells Fund XIII will be required for any major decision or any action which materially affects such joint venture or its real properties.

The AmeriCredit Building

Purchase of the AmeriCredit Building. On July 16, 2001, the XIII-REIT Joint Venture acquired a two-story office building containing approximately 85,000 rentable square feet located in Fleming Island Plantation at 2310 Village Square Parkway, Orange Park, Clay County, Florida (AmeriCredit Building) from Adevco Contact Centers Jacksonville, L.L.C. (Adevco) pursuant to that certain Agreement for the Purchase and Sale of Property between Adevco and Wells Capital, the Advisor. Adveco is not affiliated with the Wells REIT or its Advisor.

The rights under the agreement were assigned by Wells Capital, the original purchaser under the agreement, to the XIII-REIT Joint Venture at closing. The purchase price paid for the AmeriCredit Building was $12,500,000. The joint venture also incurred additional acquisition expenses in connection with the purchase of the AmeriCredit Building, including attorneys' fees, recording fees and other closing costs, of approximately $40,700.

Wells OP contributed $10,890,040 and Wells Fund XIII contributed $1,651,426 to the XIII-REIT Joint Venture for their respective shares of the acquisition costs for the AmeriCredit Building. As of July 16, 2001, Wells OP held an equity percentage interest in the XIII-REIT Joint Venture of approximately 87%, and Wells Fund XIII held an equity percentage interest in the XIII-REIT Joint Venture of approximately 13%.

Description of the Building and the Site. The AmeriCredit Building is a two-story office building containing approximately 85,000 rentable square feet. The AmeriCredit Building, which was completed in June 2001, is constructed using a steel frame with steel beams on a concrete slab with concrete footings. The exterior walls are made with steel beams with tilt-up concrete panels and a glass panel exterior. The office entrances and windows are made of plate glass set in aluminum frames. The interior walls consist of textured and painted gypsum board. In addition, the building contains two elevators, one of which can be used as a freight elevator. There are approximately 680 asphalt paved surface parking spaces at the site.

An independent appraisal of the AmeriCredit Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of June 28, 2001, pursuant to which the market value of the land and the leased fee interest subject to the AmeriCredit lease (described below) was estimated to be $12,500,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the AmeriCredit Building will continue operating at a stabilized level with AmeriCredit Financial Services Corporation (AmeriCredit) occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property. The XIII-REIT Joint Venture also obtained an environmental report prior to closing evidencing that the environmental condition of the land and the AmeriCredit Building were satisfactory.

Location of the AmeriCredit Building. The AmeriCredit Building is located on a 12.33 acre tract of land approximately 20 miles south of downtown Jacksonville within Fleming Island Plantation on the west side of U.S. Highway 17 in northern Clay County, Florida. Fleming Island Plantation is a 2,300-acre mixed use development of Centex Homes. When fully developed, Fleming Island Plantation will contain 12 villages of homes, a YMCA Wellness Center, an 18-hole golf course, several schools and 140 acres of parks. BellSouth has a 300,000 square foot technical service center in the area.

The Lease. The entire 85,000 rentable square feet of the AmeriCredit Building is currently under a triple-net lease agreement with AmeriCredit dated November 20, 2000. The landlord's interest in the AmeriCredit lease was assigned to the XIII-REIT Joint Venture at the closing.

The initial term of the AmeriCredit lease is ten years which commenced June 2001 and expires in May 2011. AmeriCredit has the right to extend the AmeriCredit lease for two additional five year periods of

time. Each extension option must be exercised by giving written notice to the landlord at least 12 months prior to the expiration date of the then current lease term.

AmeriCredit is wholly-owned by and serves as the primary operating subsidiary for AmeriCredit Corp., a Texas corporation whose common stock is publicly traded on the New York Stock Exchange. AmeriCredit Corp. is the guarantor of the lease. AmeriCredit is the world's largest independent middle-market automobile finance company. AmeriCredit purchases loans made by franchised and select independent dealers to consumers buying late model used and, to a lesser extent, new automobiles. AmeriCredit targets consumers who are typically unable to obtain financing from traditional sources either because of prior credit difficulties or limited credit histories. Funding for AmeriCredit's auto lending activities is obtained primarily through the sale of loans in securitization transactions. AmeriCredit services its automobile lending portfolio at regional centers using automated loan servicing and collection systems.

For the nine months ended March 31, 2001, AmeriCredit Corp. reported net income of $151 million on revenues of $575 million and a net worth, as of March 31, 2001, of approximately $929 million.

The base rent payable under the AmeriCredit lease will be as follows:

Lease Year	Rental Rate	Annual Rent	Monthly Rent
Year 1	$14.33	$1,201,050	$100,087.50
Year 2	$14.69	$1,231,501	$102,625.08
Year 3	$15.06	$1,262,714	$105,226.17
Year 4	$15.43	$1,294,707	$107,892.25
Year 5	$15.82	$1,327,499	$110,624.92
Year 6	$16.21	$1,361,112	$113,426.00
Year 7	$16.62	$1,395,565	$116,297.08
Year 8	$17.03	$1,430,879	$119,239.92
Year 9	$17.46	$1,467,076	$122,256.33
Year 10	$17.90	$1,504,178	$125,348.17

The monthly base rent payable for each extended term of the AmeriCredit lease will be equal to 95% of the then current market rate.

Under the AmeriCredit lease, AmeriCredit is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance and other operating costs with respect to the AmeriCredit Building during the term of the lease. In addition, AmeriCredit is responsible for all routine maintenance and repairs including the interior mechanical and electrical systems, the HVAC system and common area maintenance to the AmeriCredit Building. The XIII-REIT Joint Venture, as landlord, is responsible for repair and replacement of the roof, foundation, structural, exterior windows, parking lot, driveways and light poles, as well as payment of a monthly 7% sales tax on rental income. AmeriCredit will reimburse the XIII-REIT Joint Venture for the sales tax through increased rental income. The rental figures above are net of the sales tax and maintenance reserve.

The AmeriCredit lease contains a termination option which may be exercised by AmeriCredit effective as of the end of the seventh lease year by providing 12 months prior notice to the XIII-REIT Joint Venture. If AmeriCredit exercises its termination option, it will be required to pay the joint venture a termination payment equal to the sum of (i) an amount equal to two months base rent calculated at the annual rate of $17.18 per square foot, plus (ii) an amount equal to the aggregate of the unamortized balances of the construction

allowance, design allowance, sign allowance, and brokerage commissions. It is estimated that if AmeriCredit were to exercise its early termination option, the termination payment would be approximately $1.9 million which would equate to nearly 16 months of rent.

AmeriCredit also has an expansion option for an additional 15,000 square feet of office space and 120 parking spaces. AmeriCredit may exercise this expansion option at any time during the first seven

lease years. The rights and obligations of each party under the expansion option are subject to the parties reaching agreement relating to the expansion space and additional parking and the leasing of such space by AmeriCredit within 45 days of receipt by the XIII-REIT Joint Venture of written notice of the expansion option.

Property Management Fees. Wells Management has been retained to manage and lease the AmeriCredit Building. The XIII-REIT Joint Venture shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the AmeriCredit Building, subject to certain limitations.

Management's Discussion and Analysis of Financial Condition and Results of Operation

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

> We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares pursuant to our initial public offering, which commenced on January 30, 1998. We terminated our initial public offering on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. On December 20, 1999, we commenced a second public offering of up to 22,200,000 shares of common stock at $10 per share. We terminated our second offering on December 19, 2000. Of the $175,229,193 raised in the second offering, we invested a total of $147,192,522 in properties.
>
> Pursuant to the prospectus, we commenced this third offering of shares of our common stock on December 20, 2000. As of June 30, 2001, we had received an additional $170,293,567 in gross offering proceeds from the sale of 17,029,357 shares in the third offering. As of June 30, 2001, we had raised in the aggregate a total of $477,704,679 in offering proceeds through the sale of 47,770,468 shares of common stock. As of June 30, 2001, we had paid a total of $16,621,295 in acquisition and advisory fees and acquisition expenses, had paid a total of $59,361,769 in selling commissions and organizational and offering expenses, had made capital contributions of $395,004,216 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $2,810,530 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $3,906,869 available for investment in additional properties.

Plan of Distribution

The information contained on page 153 in the "Plan of Distribution" section of the prospectus is revised as of the date of this supplement by the deletion of the third full paragraph of this section and the insertion of the following paragraph in lieu thereof:

> We will also award to the Dealer Manager one soliciting dealer warrant for every 25 shares sold to the public or issued to shareholders pursuant to our dividend reinvestment plan during the offering period. The Dealer Manager may retain or reallow these warrants to broker-dealers participating in the offering, unless such issuance of soliciting dealer warrants is prohibited by either federal or state securities laws. The

holder of a soliciting dealer warrant will be entitled to purchase one share from the Wells REIT at a price of $12 per share during the period beginning on the first anniversary of the effective date of this offering and ending five years after the effective date of this offering. Subject to certain exceptions, a soliciting dealer warrant may not be transferred, assigned, pledged or hypothecated for a period of one year following the effective date of this offering. The shares issuable upon exercise of the soliciting

dealer warrants are being registered as part of this offering. For the life of the soliciting dealer warrants, participating broker-dealers are given the opportunity to profit from a rise in the market price for the common stock without assuming the risk of ownership, with a resulting dilution in the interest of other shareholders upon exercise of such warrants. In addition, holders of the soliciting dealer warrants would be expected to exercise such warrants at a time when we could obtain needed capital by offering new securities on terms more favorable than those provided by the soliciting dealer warrants. Exercise of the soliciting dealer warrants is governed by the terms and conditions detailed in this prospectus and in the Warrant Purchase Agreement, which is an exhibit to the Registration Statement.

Financial Statements

The statements of revenues over certain operating expenses of the Comdata Building for the year ended December 31, 2000, included in this supplement and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in this supplement in reliance upon the authority of said firm as experts in giving said reports.

The statements of revenues over certain operating expenses of the Comdata Building for the three months ended March 31, 2001, included in this supplement and elsewhere in the registration statement, have not been audited.

The Pro Forma Balance Sheet of the Wells REIT as of March 31, 2001, which is included in this supplement, has not been audited.

The Pro Forma Statement of Income of the Wells REIT for the three months ended March 31, 2001 and for the year ended December 31, 2000, which are included in this supplement, have not been audited.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XII, L.P. and
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the COMDATA BUILDING for the year ended December 31, 2000. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the Comdata Building after acquisition by the Wells Fund XII - REIT Joint Venture. The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Comdata Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the Comdata Building for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
May 18, 2001

COMDATA BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE THREE MONTHS ENDED MARCH 31, 2001

	2001	2000

	(Unaudited)	
RENTAL REVENUES	$614,660	$2,458,638
OPERATING EXPENSES, net of reimbursements	20,404	5,468
REVENUES OVER CERTAIN OPERATING EXPENSES	$594,256	$2,453,170

The accompanying notes are an integral part of these statements.

COMDATA BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE THREE MONTHS ENDED MARCH 31, 2001 (UNAUDITED)

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On May 15, 2001, the Wells Fund XII-REIT Joint Venture (the "Joint Venture") acquired the Comdata Building from The Northwestern Mutual Life Insurance Company ("Northwestern"). The Joint Venture is a joint venture partnership between Wells Real Estate Fund XII, L.P. ("Wells Fund XII") and Wells Operating Partnership, L.P. ("Wells OP"), a Delaware Limited Partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. Northwestern is not an affiliate of Wells Fund XII or Wells OP. The total purchase price of the Comdata Building was $24,950,000. Additional acquisition expenses were incurred in connection with the purchase of the Comdata Building, included attorney's fees, recording fees, loan fees, and other closing costs, of $52,019. Wells Fund XII contributed $8,926,156, and Wells OP contributed $16,075,863 to the Joint Venture for their respective shares of the purchase of the Comdata Building.

Comdata Network, Inc. ("Comdata") occupies the entire 201,237 rentable square feet of the three-story office building under a net lease agreement (the "Comdata Lease"). Comdata is a wholly owned subsidiary of Ceridian Corporation, a public entity traded on the New York Stock Exchange and guarantor of Comdata's obligations under the Comdata Lease. Northwestern's interest in the Comdata Lease was assigned to the Joint Venture at the closing. The initial term of the Comdata Lease commenced on April 1, 1997 and expires on May 31, 2016. Comdata has the right to extend the Comdata Lease for two additional five-year periods at a rate equal to the greater of the base rent for the final year of the initial term or 90% of the then-current fair market rental rate. Under the Comdata Lease, Comdata is required to pay, as additional monthly rent, all operating costs, including but not limited to, gas, water, electricity, garbage and waste disposal, telephone, janitorial service, security, insurance premiums, all taxes, assessments and other governmental levies, and other such operating expenses with respect to the Comdata Building. In addition, Comdata is responsible for all routine maintenance and repairs to the Comdata Building. The Joint Venture will be responsible for the repair and replacement of the exterior surface walls, foundation, roof, and plumbing, electrical and mechanical systems of the Comdata Building.

Rental Revenues

Rental income is recognized on a straight-line basis over the life of the Comdata Lease.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented on the accrual basis. These statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses, such as depreciation, interest, and management fees. Therefore, these statements are not comparable to the operations of the Comdata Building after acquisition by the Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA BALANCE SHEET

The following unaudited pro forma balance sheet as of March 31, 2001 has been prepared to give effect to the acquisition of the AmeriCredit Building by the Wells XIII-REIT Joint Venture, a joint venture partnership between Wells Real Estate Fund XIII, L.P. and Wells Operating Partnership, L.P. ("Wells OP"), and the acquisition of the Comdata Building ("Prior Acquisition") by the Wells XII-REIT Joint Venture, a joint venture partnership between Wells Real Estate Fund XII, L.P. and Wells OP, as if the acquisitions occurred on March 31, 2001. The following unaudited pro forma statements of income for the year ended December 31, 2000 and for the three months ended March 31, 2001 have been prepared to give effect to the acquisition of the Comdata Building as if the acquisition occurred on January 1, 2000.

Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc., a Maryland corporation. Wells Real Estate Investment Trust, Inc. is the general partner of the Wells OP.

This unaudited pro forma balance sheet is prepared for informational purposes only and is not necessarily indicative of future results or of actual results that would have been achieved had the acquisition of the AmeriCredit Building been consummated at the beginning of the period presented.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

MARCH 31, 2001

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
		Comdata	AmeriCredit	
REAL ESTATE ASSETS, at cost:				
Land	$ 46,640,032	$ 0	$ 0	$ 46,640,032
Buildings, less accumulated depreciation of $12,656,832	285,461,251	0	0	285,461,251
Construction in progress	6,303,454	0	0	6,303,454
Total real estate assets	338,404,737	0	0	338,404,737
CASH AND CASH EQUIVALENTS	8,156,316	(500,000) (a)	(150,000) (a)	7,506,316
INVESTMENT IN JOINT VENTURES	43,901,986	16,745,691 (b)	11,343,750 (d)	71,991,427
ACCOUNTS RECEIVABLE	3,620,844	0	0	3,620,844
DEFERRED LEASE ACQUISITION COSTS	1,599,976	0	0	1,599,976
DEFERRED PROJECT COSTS	1,409,081	(669,828) (c)	(453,750) (e)	285,503

DEFERRED OFFERING COSTS	581,690	0	0	581,690
DUE FROM AFFILIATES	1,050,313	0	0	1,050,313
PREPAID EXPENSES AND OTHER ASSETS	2,252,702	0	0	2,252,702
Total assets	$400,977,645	$15,575,863	$10,740,000	$427,293,508

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
		Comdata	AmeriCredit	
LIABILITIES:				
Accounts payable and accrued expenses	$ 2,263,215	$ 0	$ 0	$ 2,263,215
Notes payable	76,540,000	15,575,863 (a)	10,740,000 (a)	102,855,863
Dividends payable	1,069,579	0	0	1,069,579
Due to affiliate	1,084,012	0	0	1,084,012
Deferred rental income	238,306	0	0	238,306
Total liabilities	81,195,112	15,575,863	10,740,000	107,510,975
COMMITMENTS AND CONTINGENCIES				
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	200,000
SHAREHOLDERS' EQUITY:				
Common shares, $.01 par value; 125,000,000 shares authorized, 38,127,278 shares issued and 37,908,326 shares outstanding	381,273	0	0	381,273
Additional paid-in capital	321,390,784	0	0	321,390,784
Treasury stock, at cost, 218,952 shares	(2,189,524)	0	0	(2,189,524)
Total shareholders' equity	319,582,533	0	0	319,582,533
Total liabilities and shareholders' equity	$400,977,645	$15,575,863	$10,740,000	$427,293,508

(a) Reflects Wells Real Estate Investment Trust, Inc.'s portion of the purchase price.

(b) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells Fund XII-REIT Joint Venture.

(c) Reflects deferred project costs contributed to the Wells Fund XII-REIT Joint Venture at approximately 4.17% of the purchase price.

(d) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells Fund XIII-REIT Joint Venture.

(e) Reflects deferred project costs contributed to the Wells Fund XIII-REIT Joint Venture at approximately 4.17% of the purchase price.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2001

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REVENUES:			
Rental income	$ 9,860,085	$ 0	$ 9,860,085
Equity in income of joint ventures	709,713	395,215(a)	1,104,928
Interest income	99,915	0	99,915
	10,669,713	395,215	$11,064,928
EXPENSES:			
Depreciation and amortization	3,187,179	0	3,187,179

Interest	2,375,183	275,919(b)	2,651,102
Operating costs, net of reimbursements	1,091,185	0	1,091,185
Management and leasing fees	565,714	0	565,714
General and administrative	106,540	0	106,540
Legal and accounting	67,767	0	67,767
Computer costs	800	0	800
	7,394,368	275,919	7,670,287
NET INCOME	$ 3,275,345	$ 119,296	$ 3,394,641
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.10		
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED) (c)			$ 0.08 (c)

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells Fund XII-REIT Joint Venture related to the Comdata Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(b) Reflects interest expense incurred on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at 7.1% for the three months ended March 31, 2001.

(c) As of May 15, 2001, the acquisition date, Wells Real Estate Investment Trust, Inc. had 41,588,143 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire three months ended March 31, 2001.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2000

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments	Pro Forma Total
REVENUES:			
Rental income	$20,505,000	$ 0	$20,505,000
Equity in income of joint ventures	2,293,873	930,181(a)	3,224,054
Interest income	520,924	0	520,924
Other income	53,409	0	53,409
	23,373,206	930,181	24,303,387
EXPENSES:			
Depreciation and amortization	7,743,551	0	7,743,551
Interest	4,199,461	1,284,495(b)	5,483,956
Operating costs, net of reimbursements	888,091	0	888,091
Management and leasing fees	1,309,974	0	1,309,974
General and administrative	426,680	0	426,680
Legal and accounting	240,209	0	240,209
Computer costs	12,273	0	12,273
	14,820,239	1,284,495	16,104,734
NET INCOME (LOSS)	$ 8,552,967	$ (354,314)	$ 8,198,653
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.40		
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED) (c)			$ 0.20 (c)

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells Fund XII-REIT Joint Venture related to the Comdata Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(b) Reflects interest expense incurred on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at 8.2% for the year ended December 31, 2000.

(c) As of May 15, 2001, the acquisition date, Wells Real Estate Investment Trust, Inc. had 41,588,143 shares of common stock outstanding; pro forma earnings per share is calculated as if these shares were outstanding for the entire year ended December 31, 2000.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 4 DATED AUGUST 10, 2001 TO THE PROSPECTUS
DATED DECEMBER 20, 2000

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, as supplemented and amended by Supplement No. 1 dated February 5, 2001, Supplement No. 2 dated April 25, 2001, and Supplement No. 3 dated July 20, 2001. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) The acquisition of an office building in Quincy, Massachusetts (State Street Building);

(3) The initial transaction under the Section 1031 Exchange Program;

(4) Revisions to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the prospectus; and

(5) Financial statements relating to the State Street Building.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of July 31, 2001, we had received an additional $212,110,390 in gross offering proceeds from the sale of 21,211,039 shares in the third offering. Accordingly, as of July 31, 2001, we had received in the aggregate approximately $519,521,502 in gross offering proceeds from the sale of 51,952,150 shares of our common stock.

The State Street Building

Purchase of the State Street Building. On July 30, 2001, Wells Operating Partnership, L.P. (Wells OP), a Delaware limited partnership formed to acquire, own, lease and operate real properties on behalf of Wells REIT, purchased a seven-story office building with approximately 234,668 rentable square feet located at 1200 Crown Colony Drive, Norfolk County, Quincy, Massachusetts (State Street Building). Wells OP purchased this building from Crownview, LLC (Crownview) pursuant to that certain Agreement of Purchase and Sale of Property between Crownview and Wells OP. Crownview is not in any way affiliated with Wells REIT or Wells Capital, Inc., our Advisor.

The purchase price for the State Street Building was $49,563,000. Wells OP incurred acquisition expenses in connection with the purchase of the State Street Building, including attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $69,500. Wells OP also paid approximately $126,600 to reimburse the seller for its prorated share of real estate taxes and other operating expenses.

An independent appraisal of the State Street Building was prepared by Insignia/ESG, Inc., real estate appraisers, as of July 10, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the leases described below was estimated to be $52,000,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the State Street Building will continue operating at a stabilized level with SSB Realty LLC, a Delaware limited liability company (SSB Realty), occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the State Street Building were satisfactory.

Description of the State Street Building and Site. The State Street Building, which was completed in 1990, is a seven-story office building containing approximately 234,668 rentable square feet located on an 11.22 acre tract of land. The building is constructed using a steel frame with a reinforced concrete foundation. The exterior walls are made of primarily precast concrete with insulated glass windows in aluminum frames. The interior walls consist of painted gypsum board. In addition, there are four elevators and approximately 854 parking spaces.

The State Street Building is located at 1200 Crown Colony Drive in Crown Colony Office Park in Quincy, Massachusetts, approximately 10 miles southwest of downtown Boston. Crown Colony Office Park contains high quality office buildings and is one of the most desirable parks in the south Boston market. The strength of the office market in this area is evidenced by the extensive office development near other interchanges along Route 128 in the Quincy/Braintree area. The property is well located in terms of proximity to Boston, and accessability to all of the other major highway systems that serve the city and the surrounding area because of its immediate access to a highway interchange and to public transportation. The State Street Building is leased entirely to SSB Realty.

The SSB Realty Lease. The entire 234,668 rentable square feet of the State Street Building is currently under a lease agreement with SSB Realty. The landlord's interest in the SSB Realty lease was assigned to Wells OP at the closing. The current term of the lease is 10 years, which commenced on February 1, 2001, and expires on March 31, 2011. SSB has the right to extend the term of this lease for one additional five year period at the then-current fair market rental rate. In addition, the base operating costs and the base taxes will be adjusted for the extended term to reflect the actual operating costs and taxes for the preceding calendar year.

SSB Realty is a wholly owned subsidiary of State Street Corporation, a Massachusetts corporation (State Street). State Street, a guarantor of the SSB Realty lease, is a world leader in providing financial services to investment managers, corporations, public pension funds, unions, not-for-profit organizations and individuals. State Street's capabilities range from investment research and professional investment management to trading and brokerage services to fund accounting and administration. With over 17,000 employees, offices in 23 countries, and serving clients in 55 different countries, State Street has over $6 trillion in assets under custody and $711 billion in assets under management. For the fiscal year ended December 31, 2000, State Street reported net income of approximately $595 million on revenues of approximately $3.6 billion, and a net worth, as of December 31, 2000, of approximately $3.26 billion.

The base rent payable for the remainder of the SSB Realty lease is as follows:

Lease Year	Annual Rent	Monthly Rent
April 1, 2001 - January 30, 2004	$6,922,706	$576,892
February 1, 2004 - January 30, 2007	$7,274,708	$606,226
February 1, 2007 - March 31, 2011	$7,861,378	$655,115

Pursuant to the SSB Realty lease, Wells OP is obligated to provide SSB Realty an allowance of up to approximately $2,112,000 for tenant, building and architectural improvements. Under the SSB Realty lease, SSB Realty is required to pay its proportionate share of taxes relating to the State Street Building and all operating costs incurred by the landlord in maintaining and operating the State Street Building, including, but not limited to, garbage and waste disposal, janitorial service and window cleaning, snow removal, security, insurance, water and sewer charges, wages, salaries and employee benefits of all employees engaged in the operation, maintenance and management of the building, indoor and outdoor landscaping, utilities and repairs, replacements and general maintenance. Wells OP, as the landlord, will be responsible, at tenant's expense, for maintaining the common areas of the building, the roof, foundation, exterior walls and windows, load bearing items and the central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems of the building.

Property Management Fees. Wells Management Company, Inc. (Wells Management), an affiliate of Wells REIT and our Advisor, has been retained to manage and lease the State Street Building. Wells REIT shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the State Street Building, subject to certain limitations.

Initial Transaction under the Section 1031 Exchange Program

As described in Supplement No. 2 dated April 25, 2001 to the prospectus dated December 20, 2000, Wells Development Corporation, an affiliate of our Advisor, has developed a program (Section 1031 Exchange Program) involving the acquisition of income-producing commercial properties and the formation of a series of single member limited liabilities companies (Wells Exchange) for the purpose of facilitating the resale of co-tenancy interests in such real estate properties to persons (1031 Participants) who are looking to invest the proceeds from a sale of real estate held for investment into another real estate investment for purposes of qualifying for like-kind exchange treatment under Section 1031 of the Internal Revenue Code.

The initial transaction in the Section 1031 Exchange Program involves the acquisition by Wells Exchange and resale of co-tenancy interests in the Ford Motor Credit Complex. The Ford Motor Credit Complex consists of two connecting office buildings containing 167,434 rentable square feet located in Colorado Springs, Colorado currently under a triple-net lease with Ford Motor Credit Company, a wholly-owned subsidiary of Ford Motor Company, which is the world's largest automobile finance company with more than 10 million customers in 40 countries. Wells Exchange is currently engaged in the offer and sale of co-tenancy interests in the Ford Motor Credit Complex to 1031 Participants.

As a part of the initial transaction in the Section 1031 Exchange Program, in consideration for the payment of a Take Out Fee in the amount of $137,500, and following approval of the potential property acquisition by our board of directors, Wells OP entered into a Take Out Purchase and Escrow Agreement relating to the Ford Motor Credit Complex. Pursuant to the terms of the Take Out Purchase and Escrow Agreement, Wells OP is obligated to acquire, at Wells Exchange's cost ($839,694 in cash plus $832,060 of assumed debt for each 7.63358% co-tenancy interest), any co-tenancy interests in the Ford Motor Credit Complex which remain unsold on October 16, 2001.

The obligations of Wells OP under the Take Out Purchase and Escrow

Agreement are secured by reserving against Wells OP's existing line of credit with Bank of America, N.A. (Interim Lender). If, for any reason, Wells OP fails to acquire any of the co-tenancy interests in the Ford Motor Credit Complex which remain unsold as of October 16, 2001, or if there is otherwise an uncured default under the interim loan between Wells Exchange and the Interim Lender or Well OP's line of credit documents, the Interim Lender is authorized to draw down on Wells OP's line of credit in the amount necessary to pay the outstanding balance of the Interim Loan in full, in which event the appropriate amount of unsold co-tenancy interests in the Ford Motor Credit Complex would be deeded to Wells OP. Wells OP's maximum economic exposure in the transaction is $11,000,000, in which event Wells OP would acquire the Ford Motor Credit Complex for $11,000,000 in cash plus assumption of the first mortgage financing in the amount of $10,900,000. If Wells Exchange successfully sells 100% of the co-tenancy interests to

1031 Particpants, Wells OP will not acquire any interest in the Ford Motor Credit Complex. If some, but not all, of the co-tenancy interests are sold by Wells Exchange, Wells OP's exposure would be less, and it would end up owning an interest in the property in co-tenancy with 1031 Participants who had previously acquired co-tenancy interests in the Ford Motor Credit Complex from Wells Exchange. (See "Risk Factors - Section 1031 Exchange Program" contained in Supplement No. 2 dated April 25, 2001 to the prospectus dated December 20, 2000.)

Management's Discussion and Analysis of Financial Condition and Results of Operation

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

> We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares pursuant to our initial public offering, which commenced on January 30, 1998. We terminated our initial public offering on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. On December 20, 1999, we commenced a second public offering of up to 22,200,000 shares of common stock at $10 per share. We terminated our second offering on December 19, 2000. Of the $175,229,193 raised in the second offering, we invested a total of $147,192,522 in properties.
>
> Pursuant to the prospectus, we commenced this third offering of shares of our common stock on December 20, 2000. As of July 31, 2001, we had received an additional $212,110,390 in gross offering proceeds from the sale of 21,211,039 shares in the third offering. As of July 31, 2001, we had raised in the aggregate a total of $519,521,502 in offering proceeds through the sale of 51,952,150 shares of common stock. As of July 31, 2001, we had paid a total of $18,078,430 in acquisition and advisory fees and acquisition expenses, had paid a total of $64,565,823 in selling commissions and organizational and offering expenses, had made capital contributions of $427,043,387 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $2,994,917 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $6,838,945 available for investment in additional properties.

Financial Statements

The statement of revenues over certain operating expenses of the State Street Building for the year ended December 31, 2000, included in this supplement and elsewhere in the registration statement, has been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and is included in this supplement in reliance upon the authority of said firm as experts in giving said reports.

The statement of revenues over certain operating expenses of the State

Street Building for the six months ended June 30, 2001, included in this supplement and elsewhere in the registration statement, has not been audited.

The Pro Forma Balance Sheet of Wells REIT as of June 30, 2001, which is included in this supplement, has not been audited.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the State street bank BUILDING for the year ended December 31, 2000. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the State Street Bank Building after acquisition by the Wells Operating Partnership, L.P., a subsidiary of Wells Real Estate Investment Trust, Inc. The accompanying

statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the State Street Bank Building's revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the State Street Bank Building for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
August 1, 2001

STATE STREET BANK BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE SIX MONTHS ENDED JUNE 30, 2001

	2001	2000
	(Unaudited)	
RENTAL REVENUES	$3,617,688	$2,941,354
OPERATING EXPENSES, net of reimbursements	666,818	438,071
REVENUES OVER CERTAIN OPERATING EXPENSES	$2,950,870	$2,503,283

The accompanying notes are an integral part of these statements.

STATE STREET BANK BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2000

AND THE SIX MONTHS ENDED JUNE 30, 2001

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On July 30, 2001, the Wells Operating Partnership, L.P. ("Wells OP") acquired the State Street Bank Building from Crownview LLC ("Crownview"). Wells OP is a Delaware limited partnership formed to acquire, own, lease, operate, and manage real properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. Crownview is not an affiliate of Wells OP.

Harvard Pilgrim Health Care ("HPHC") occupied the entire 234,668 rentable square feet of the seven-story office building under a net lease agreement (the "HPHC Lease") with Crownview. The HPHC Lease commenced on October 8, 1999 and expired on July 31, 2000. SSB Realty, LLC ("SSB") currently occupies the entire 234,668 rentable square feet of the seven-story office building under a net lease agreement (the "SSB Lease"). SSB is a wholly owned subsidiary of State Street Corporation, which is the guarantor of the SSB Lease. State Street Corporation is a public entity traded on the New York Stock Exchange. Crownview's interest in the SSB Lease was assigned to Wells OP at the closing. The initial term of the SSB Lease commenced on February 1, 2001 and expires on March 31, 2011. SSB has the right to extend the SSB Lease for one additional period of five years at a rate equal to the then current fair market rental rate. Under the SSB Lease, SSB is required to pay, as additional monthly rent, insurance costs, utility charges, personal property taxes, its pro rata share of increases in real estate taxes, and all operating costs with respect to the State Street Bank Building that exceed the base operating costs of $1,773,340 in any calendar year. In addition, SSB is responsible for all routine maintenance and repairs to the State Street Bank Building. Wells OP will be responsible, at SSB's expense, for the repair and replacement of the exterior surface walls, foundation, roof, plumbing, electrical, and mechanical systems of the State Street Bank Building.

Rental Revenues

Rental income is recognized on a straight-line basis over the terms of the respective leases.

2. Basis of Accounting

The accompanying statement of revenues over certain operating expenses is presented on the accrual basis. This statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, this statement excludes certain historical expenses, such as depreciation, interest, and management fees. Therefore, this statement is not comparable to the operations of the State Street Bank Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

JUNE 30, 2001

The following unaudited pro forma balance sheet as of June 30, 2001 has been prepared to give effect to the acquisition of the AmeriCredit Building by the Wells XIII-REIT Joint Venture (a joint venture partnership between Wells Real Estate Fund XIII, L.P. and Wells Operating Partnership, LP ["Wells OP"]) and the acquisition of the State Street Bank Building by the Wells OP as if each acquisition occurred on June 30, 2001. The Comdata Building was acquired by Wells XII-REIT Joint Venture (a joint venture partnership between Wells Real Estate Fund XII, L.P. and Wells OP) on May 15, 2001.

The following unaudited pro forma statement of income for the six months ended June 30, 2001 has been prepared to give effect to the acquisitions of the Comdata Building, the AmeriCredit Building, and the State Street Bank Building as if the acquisitions occurred on January 1, 2000. The following unaudited pro forma statement of income for the year ended December 31, 2000 has been prepared

to give effect to the acquisitions of the Comdata Building and the State Street Bank Building as if the acquisitions occurred on January 1, 2000. The AmeriCredit Building had no operations during 2000.

Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. Wells Real Estate Investment Trust, Inc. is the general partner of Wells OP.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisitions of the Comdata Building, the AmeriCredit Building, and the State Street Bank Building been consummated at the beginning of the periods presented.

As of June 30, 2001, the date of the accompanying pro forma balance sheet, Wells OP held cash of $6,074,926. The additional cash used to purchase the State Street Bank Building, including deferred project costs paid to Wells Capital, Inc. (an affiliate of Wells OP), was raised through the issuance of additional shares subsequent to June 30, 2001. This balance is reflected as purchase consideration payable in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

JUNE 30, 2001

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments		Pro Forma Total
		AmeriCredit Building	State Street Bank Building	
REAL ESTATE ASSETS, at cost:				
Land	$ 47,256,748	$ 0	$10,600,000 (d) 441,667 (e)	$ 58,298,415
Buildings, less accumulated depreciation of $15,863,470	285,964,597	0	39,159,098 (d) 1,631,629 (e)	326,755,324
Construction in progress	7,143,876	0	0	7,143,876
Total real estate assets	340,365,221	0	51,832,394	392,197,615
CASH AND CASH EQUIVALENTS	6,074,926	(150,000)(a)	(5,924,926)(d)	0
INVESTMENT IN JOINT VENTURES	60,261,895	11,343,750 (b)	0	71,605,645
ACCOUNTS RECEIVABLE	4,661,279	0	0	4,661,279
DEFERRED LEASE ACQUISITION COSTS	1,738,658	0	0	1,738,658
DEFERRED PROJECT COSTS	3,849	(3,849)(c)	0	0
DEFERRED OFFERING COSTS	731,574	0	0	731,574
DUE FROM AFFILIATES	1,242,469	0	0	1,242,469
PREPAID EXPENSES AND OTHER ASSETS	1,558,395	0	0	1,558,395
TOTAL ASSETS	$416,638,266	$11,189,901	$45,907,468	$473,735,635

LIABILITIES AND SHAREHOLDERS' EQUITY

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments AmeriCredit Building	Pro Forma Adjustments State Street Bank Building	Pro Forma Total
LIABILITIES:				
Accounts payable and accrued expenses	$ 2,592,211	$ 0	$ 0	$ 2,592,211
Notes payable	10,298,850	10,740,000(a)	38,700,000(d)	59,738,850
Dividends payable	1,071,657	0	0	1,071,657
Due to affiliate	1,508,539	449,901(c)	2,073,296(e)	4,031,736
Purchase consideration payable	0	0	5,134,172(d)	5,134,172
Deferred rental income	95,418	0	0	95,418
Total liabilities	15,566,675	11,189,901	45,907,468	72,664,044
COMMITMENTS AND CONTINGENCIES				
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	200,000
SHAREHOLDERS' EQUITY:				
Common shares, $.01 par value; 125,000,000 shares authorized, 47,770,468 shares issued and 47,489,415 shares outstanding	477,705	0	0	477,705
Additional paid-in capital	403,204,416	0	0	403,204,416
Treasury stock, at cost, 281,053 shares	(2,810,530)	0	0	(2,810,530)
Total shareholders' equity	400,871,591	0	0	400,871,591
Total liabilities and shareholders' equity	$416,638,266	$11,189,901	$45,907,468	$473,735,635

(a) Reflects Wells Real Estate Investment Trust, Inc.'s portion of the purchase price.

(b) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells Fund XIII-REIT Joint Venture.

(c) Reflects deferred project costs contributed to the Wells Fund XIII-REIT Joint Venture at approximately 4.17% of the purchase price.

(d) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price for the land and the building.

(e) Reflects deferred project costs applied to the land and building at approximately 4.17% of the purchase price.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE SIX MONTHS ENDED JUNE 30, 2001

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments Comdata Building	AmeriCredit Building	State Street Bank Building	Pro Forma Total
REVENUES:					
Rental income	$19,711,252	$ 0	$ 0	$3,617,688 (f)	$23,328,940
Equity in income of joint ventures	1,519,194	513,944 (a)	(98,624)(d)	0	1,934,514
Interest income	193,007	(6,781)(b)	(8,135)(b)	(178,091)(b)	0
	21,423,453	507,163	(106,759)	3,439,597	25,263,454
EXPENSES:					
Depreciation and amortization	6,685,716	0	0	815,815 (g)	7,501,531
Interest	2,809,373	379,761 (c)	349,157 (e)	1,258,137 (h)	4,796,428
Operating costs, net of reimbursements	1,736,928	0	0	666,818 (i)	2,403,746
Management and leasing fees	1,117,902	0	0	162,796 (j)	1,280,698
General and administrative	635,632	0	0	0	635,632
Legal and accounting	117,331	0	0	0	117,331
Computer costs	6,328	0	0	0	6,328

	13,109,210	379,761	349,157	2,903,566	16,741,694
NET INCOME (LOSS)	$ 8,314,243	$127,402	$(455,916)	$ 536,031	$ 8,521,760
EARNINGS PER SHARE, basic and diluted	$ 0.22				$ 0.23
WEIGHTED AVERAGE SHARES, basic and diluted	37,792,014				37,792,014

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the income of the Wells Fund XII-REIT Joint Venture related to the Comdata Building from January 1, 2001 through May 14, 2001. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(b) Represents forgone interest income related to cash utilized to purchase the Comdata Building, the AmeriCredit Building, and the State Street Bank Building.

(c) Represents interest expense on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 6.5% from January 1, 2001 through May 14, 2001.

(d) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the loss of the Wells Fund XIII-REIT Joint Venture related to the AmeriCredit Building. The pro forma adjustment results from rental revenues less operating expenses, management fees and deprecation.

(e) Represents interest expense on the $10,740,000 note payable to Bank of America, which bears interest at approximately 6.5% for the six months ended June 30, 2001.

(f) Rental income is recognized on a straight-line basis.

(g) Depreciation expense on the building is recognized using the straight-line method and a 25-year life.

(h) Represents interest expense on the $38,700,000 note payable to Bank of America, which bears interest at approximately 6.5% for the six months ended June 30, 2001.

(i) Consists of nonreimbursable operating expenses.

(j) Management and leasing fees are calculated at 4.5% of rental income.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2000

(UNAUDITED)

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Comdata Building	Pro Forma Adjustments: State Street Bank Building	Pro Forma Total
REVENUES:				
Rental income	$20,505,000	$ 0	$ 2,941,354 (d)	$23,446,354
Equity in income of joint ventures	2,293,873	930,181 (a)	0	3,224,054
Interest income	520,924	(19,106)(b)	(501,818)(b)	0
Other income	53,409	0	0	53,409
	23,373,206	911,075	2,439,536	26,723,817
EXPENSES:				
Depreciation and amortization	7,743,551	0	1,631,629 (e)	9,375,180
Interest	4,199,461	1,284,495 (c)	3,191,473 (f)	8,675,429
Operating costs, net of reimbursements	888,091	0	438,071 (g)	1,326,162
Management and leasing fees	1,309,974	0	132,361 (h)	1,442,335
General and administrative	426,680	0	0	426,680
Legal and accounting	240,209	0	0	240,209
Computer costs	12,273	0	0	12,273

	14,820,239	1,284,495	5,393,534	21,498,268
NET INCOME (LOSS)	$ 8,552,967	$ (373,420)	$(2,953,998)	$ 5,225,549
EARNINGS PER SHARE, basic and diluted	$ 0.40			$ 0.24
WEIGHTED AVERAGE SHARES, basic and diluted	21,382,418			21,382,418

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the Wells Fund XII-REIT Joint Venture related to the Comdata Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(b) Represents forgone interest income related to cash utilized to purchase the Comdata Building and the State Street Bank Building.

(c) Represents interest expense incurred on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 8.2% for the year ended December 31, 2000.

(d) Rental income is recognized on a straight-line basis.

(e) Depreciation expense on the building is recognized using the straight-line method and a 25-year life.

(f) Interest expense on the $38,700,000 note payable to Bank of America, N.A., which bears interest at approximately 8.2% for the year ended December 31, 2000.

(g) Consists of nonreimbursable operating expenses.

(h) Management and leasing fees are calculated at 4.5% of rental income.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 5 DATED OCTOBER 15, 2001 TO THE PROSPECTUS
DATED DECEMBER 20, 2000

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 2000, as supplemented and amended by Supplement No. 1 dated February 5, 2001, Supplement No. 2 dated April 25, 2001, Supplement No. 3 dated July 20, 2001, and Supplement No. 4 dated August 10, 2001. When we refer to the "prospectus" in this supplement, we are also referring to any and all supplements to the prospectus. Unless otherwise defined in this supplement, capitalized terms used in this supplement shall have the same meanings as set forth in the prospectus.

The purpose of this supplement is to describe the following:

(1) The status of the offering of shares in Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) The declaration of dividends for the fourth quarter of 2001;

(3) The acquisition of two one-story office buildings in Houston, Texas (IKON Buildings);

(4) The acquisition of a 14.87 acre tract of land in Irving, Texas and the development and construction of an office building thereon (Nissan Property);

(5) The acquisition of a ground leasehold interest in a one one-story office and distribution facility in Millington, Tennessee (Ingram Micro Distribution Facility);

(6) The acquisition of a four-story office building in Cary, North Carolina (Lucent Building);

(7) Revisions to the "Description of Properties" section of the prospectus relating to an amendment to the Matsushita lease;

(8) Revisions to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the prospectus;

(9) Revisions to the "Plan of Distribution" section of the prospectus; and

(10) Financial statements relating to the IKON Buildings, Ingram Micro Distribution Facility and Lucent Building.

Status of the Offering

We commenced our initial public offering of common stock on January 30, 1998. Our initial public offering was terminated on December 19, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering. We commenced a second offering of common stock on December 20, 1999. Our second public offering was terminated on December 19, 2000. We received approximately $175,229,193 in gross offering proceeds from the sale of 17,522,919 shares in our second public offering.

Pursuant to the prospectus, we commenced our third offering of common stock on December 20, 2000. As of October 10, 2001, we had received an additional $330,794,345 in gross offering proceeds

from the sale of 33,079,435 shares in the third offering. Accordingly, as of October 10, 2001, we had received in the aggregate approximately $638,205,457 in gross offering proceeds from the sale of 63,820,546 shares of our common stock.

Declaration of Fourth Quarter Dividend

On September 12, 2001, our board of directors declared a dividend for the fourth quarter of 2001 in an amount equal to a 7.75% annualized percentage return on an investment of $10 per share to be paid in December 2001. The fourth quarter dividend will be calculated on a daily record basis of $0.00213 (.213 cents) per day per share on the outstanding shares of common stock payable to shareholders of record of such shares as shown on the books of the Wells REIT at the close of business on each day during the period, commencing on September 16, 2001, and continuing each day thereafter during the fourth quarter of 2001 through and including December 15, 2001.

The IKON Buildings

Purchase of the IKON Buildings. On September 7, 2001, Wells Operating
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Partnership, L.P. (Wells OP), a Delaware limited partnership formed to acquire, own, lease and operate real properties on behalf of the Wells REIT, purchased two one-story office buildings aggregating approximately 157,790 rentable square feet located at 810 and 820 Gears Road, Harris County, Houston, Texas (IKON Buildings) from SV Reserve, L.P. SV Reserve, L.P. is not in any way affiliated with the Wells REIT or Wells Capital, Inc., our Advisor.

The purchase price for the IKON Buildings was $20,650,000. Wells OP incurred acquisition expenses in connection with the purchase of the IKON Buildings, including commissions, attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $132,500.

An independent appraisal of the IKON Buildings was prepared by Gary Brown & Associates, Inc., real estate appraisers, as of August 30, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the leases described below was estimated to be $20,750,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the IKON Buildings will continue operating at a stabilized level with IKON Office Solutions, Inc, an Ohio

corporation (IKON), occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the IKON Buildings was satisfactory.

Description of the IKON Buildings and Site. The IKON Buildings, which were completed in September 2000, consist of two one-story office buildings containing approximately 157,790 rentable square feet (78,895 square feet for each building) located on a 15.69 acre tract of land. The buildings are constructed using a steel frame with steel trusses and a reinforced concrete foundation. The exterior walls are made of primarily concrete masonry with concrete tilt wall panels with slightly recessed reflective blue-tinted windows. The interior walls consist of floated and painted gypsum board. In addition, the lighted parking lot contains approximately 785 parking spaces.

The IKON Buildings are located at 810 and 820 Gears Road in Houston, Texas, in the northern portion of Harris County approximately 12 to 16 miles north of Houston's central business district in the Greens Crossing development. The property is near North Freeway, which runs in a north-south direction to Dallas, and North Sam Houston Parkway. In addition, the IKON Buildings are located approximately five miles from the Houston Intercontinental Airport. North Harris County contains headquarters for several U.S. and international companies and offices for several other multinational companies, including Federal Express, Continental Airlines and Paine Webber.

The IKON Lease. The entire 157,790 rentable square feet of the IKON Buildings is currently under a lease agreement with IKON. The landlord's interest in the IKON lease was assigned to Wells OP at the closing. The current term of the lease is 10 years, which commenced on May 1, 2000, and expires on April 30, 2010. IKON has the right to extend the term of this lease for two additional five-year periods at the then-current fair market rental rate, upon 12 months prior written notice.

IKON's world headquarters is located in Malvern, Pennsylvania. IKON provides business communication products such as copiers and printers, as well as services such as distributed printing, facilities management, network design, e-business development, and technology training. IKON's customers include various sized businesses, professional firms and government agencies. IKON distributes products manufactured by companies such as Microsoft, IBM, Canon, Novell and Hewlett-Packard. IKON has approximately 39,000 employees and approximately 900 locations worldwide. For the fiscal year ended September 30, 2000, IKON reported net income of approximately $29 million on revenues of approximately $5.4 billion and a net worth, as of September 30, 2000, of approximately $1.44 billion.

The base rent payable for the remainder of the IKON lease is as follows:

Lease Year	Annual Rent	Monthly Rent
2-5	$2,015,767	$167,981
6-10	$2,228,784	$185,732

Pursuant to the IKON lease, IKON is required to pay all taxes relating to the IKON Buildings and all operating costs incurred by the landlord in maintaining and operating the IKON Buildings, including, but not limited to, garbage and waste disposal, janitorial service and window cleaning, security, insurance, water and sewer charges, wages, salaries and employee benefits of all employees engaged in the operation, maintenance and management of the building, indoor and outdoor landscaping, utilities, repairs, replacements and general maintenance. Wells OP, as the landlord, will be responsible, for repairs related

to insurable casualty and for maintaining the roof, foundation, exterior walls and windows, load bearing items and the electrical, mechanical and plumbing systems of the building, except for the HVAC system. IKON, as the tenant, is responsible for maintaining, repairing, and replacing the HVAC system. All tenant improvements or alterations costing in excess of $50,000 must receive prior written approval from Wells OP.

The Nissan Property

Purchase of the Nissan Property. On September 19, 2001, Wells OP purchased a
14.873 acre tract of land located in Irving, Dallas County, Texas (Nissan Property). Wells OP purchased the Nissan Property from The Ruth Ray and H.L. Hunt Foundation and The Ruth Foundation, each a Texas non-profit corporation and 50% owner in the Nissan Property (Foundations). Neither of the Foundations are in any way affiliated with the Wells REIT or our Advisor.

The purchase price for the Nissan Property was approximately $5,545,700. Wells OP incurred acquisition expenses in connection with the purchase of the Nissan Property, including attorneys' fees, recording fees and environmental report fees, and other closing costs, of approximately $25,000.

Description of the Nissan Property and Site. Wells OP has entered into a
development agreement, an architect agreement and a design and build agreement (all described below) to construct a three-story office building containing 268,290 rentable square feet (Nissan Project) on the Nissan Property. The Nissan Project will be constructed of concrete tilt-up, high performance glass with parking for approximately 1,050 vehicles. The site consists of a 14.873 acre tract of land located in the Freeport Business Park, which is an office and industrial park strategically positioned near the Dallas-Ft. Worth International Airport. Wells OP obtained an environmental report prior to the closing evidencing that the condition of the land was satisfactory. The Nissan Property is located in the city of Irving, Texas, approximately 18 miles northwest of downtown Dallas. More than 400 multinational companies have offices in Irving including Exxon, GTE and TransAmerica, which have their headquarters in Irving. The Freeport Business Park itself contains tenants such as Xerox, Federal Express and Allstate Insurance. The city of Irving is accessible from six major highways.

Development Agreement. On September 19, 2001, Wells OP entered into a
Development Agreement (Development Agreement) with Champion Partners, Ltd. a Texas limited partnership (Developer), as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the Nissan Project.

The Developer is a Dallas-based commercial real estate development firm with expertise in acquisition and disposition, debt and equity, financing, land and building development and project leasing and management. The Developer is a privately owned Texas limited partnership and the principals have an average experience level of approximately 20 years. The Developer has been involved with approximately 18 million square feet of office and industrial facilities valued at more than $900 million throughout the United States, including several million square feet of ongoing project developments in Dallas/Ft. Worth, Memphis, Atlanta and Houston. The Developer is not affiliated with Wells OP or our Advisor.

The primary responsibilities of the Developer under the Development Agreement include:

- the supervision, coordination, administration and management of the work, activities and performance of the architect under the Architect's Agreement (as described below) and the contractor under the Construction Agreement (as described below);

- the implementation of a development budget setting forth an estimate of all expenses and costs to be incurred with respect

to the planning, design, development and construction of the Nissan Project;

- the review of all applications for disbursement made by or on behalf of Wells OP under the Architect's Agreement and the Construction Agreement;

- the supervision and management of tenant build-out at the Nissan Project; and

- the negotiation of contracts with, supervision of the performance of, and review and verification of applications for payment of the fees, charges and expenses of such design and engineering professionals, consultants and suppliers as the Developer deems necessary for the design and construction of the Nissan Project in accordance with the development budget.

The Developer will also perform other services typical of development managers including, but not limited to, arranging for preliminary site plans, surveys and engineering plans and drawings, overseeing the selection by the contractor of major subcontractors and reviewing all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Nissan Project or any portion thereof. The Developer is required to advise Wells OP on a weekly basis as to the status of the Nissan Project and submit to Wells OP monthly reports with respect to the progress of construction, including a breakdown of all costs and expenses under the development budget. The Developer is required to obtain prior written approval from Wells OP before incurring and paying any costs which will result in aggregate expenditures under any one category or line item in the development budget exceeding the amount budgeted therefor. If the Developer determines at any time that the development budget is not compatible with the then-prevailing status of the Nissan Project and will not adequately provide for the completion of the Nissan Project, the Developer will prepare and submit to Wells OP for approval an appropriate revision of the development budget.

In discharging its duties and responsibilities under the Development Agreement, the Developer has full and complete authority and discretion to act for and on behalf of Wells OP. The Developer has agreed to indemnify Wells OP from any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, and any costs and expenses arising out of the gross negligence, fraud or any willful act or omission by the Developer. Wells OP has agreed to indemnify the Developer from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and any costs and expenses arising out of (1) any actions taken by the Developer within the scope of its duties or authority, excluding negligence, fraud or willful acts of the Developer, and (2) the gross negligence, fraud or any willful act or omission on the part of Wells OP and its partners and their respective officers, directors and employees.

Wells OP may elect to provide funds to the Developer so that the Developer can pay Wells OP's obligations with respect to the construction and development of the Nissan Project directly. All such funds of Wells OP which may be received by the Developer with respect to the development or construction of the Nissan Project will be deposited in a bank account approved by Wells OP. If at any time the funds contained in the bank account of Wells OP temporarily exceeds the immediate cash needs of the Nissan Project, the Developer may invest such excess funds in savings accounts, certificates of deposit, United States Treasury obligations and commercial paper as the Developer deems appropriate or as Wells OP may direct, provided that the form of any such investment is consistent with the Developer's need to be able to liquidate any such investment to meet the cash needs of the Nissan Project. The Developer shall be reimbursed for all advances, costs and expenses paid for and on behalf of Wells OP. The Developer will not be reimbursed, however, for its own administrative costs or for costs relating to travel and lodging incurred by its employees and agents. The Developer may be required to advance its own funds for the payment of any costs or expenses incurred by or on behalf of Wells OP in connection with the development of the Nissan Project if there are cost overruns in excess of the

contingency contained in the development budget.

As compensation for the services to be rendered by the Developer under the Development Agreement, Wells OP will pay a development fee of $1,250,000. The fee will be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the Nissan Project is completed.

It is anticipated that the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition of the Nissan Property, the planning, design, development, construction and completion of the Nissan Project will total approximately $42,259,000. Under the terms of the Development Agreement, the Developer has agreed that in the event that the total of all such costs and

expenses exceeds $42,258,600, subject to certain adjustments, the amount of fees payable to the Developer shall be reduced by the amount of any such excess.

In the event the Developer should for any reason cease to manage the development of the Nissan Project, Wells OP would have to locate a suitable successor development manager. No assurances can be given as to whether a suitable successor development manager could be found, or what the contractual terms or arrangement with any such successor would be.

Architect's Agreement. HKS, Inc., a Texas corporation (Architect), is the
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architect for the Nissan Project pursuant to an Architect's Agreement (Architect's Agreement) dated September 19, 2001 entered into with Wells OP. The Architect, which was founded in 1939, has a staff of over 500 employees, and specializes in architecture, planning, structural engineering, interior architecture and graphic design. The Architect has its principal office in Dallas and additional offices in Atlanta, Los Angeles, Orlando, Richmond, Salt Lake City and Tampa. The Architect has designed a wide variety of projects, with total values in excess of $26 billion, including facilities for corporate office space, sports facilities, healthcare facilities and hotels and resorts. The Architect is not affiliated with Wells OP or our Advisor.

The Architect's basic services under the Architect's Agreement include the schematic design phase, the design development phase, the construction documents phase, the construction procurement phase and the construction phase. During the schematic design phase, the Architect will prepare schematic design documents consisting of drawings and other documents illustrating the scale and relationship of the Nissan Project components. During the design development phase, the Architect will prepare design development documents consisting of drawings and other documents to fix and describe the size and character of the entire Nissan Project as to architectural, structural, civil mechanical, and electrical systems, materials and such other elements as may be appropriate. During the construction documents phase, the Architect will prepare construction documents consisting of drawings and specifications setting forth in detail the requirements for the construction of the Nissan Project along with necessary bidding information. During the construction procurement phase, the Architect will assist Wells OP in obtaining bids or negotiated proposals and assist in awarding and preparing contracts for construction. During the construction phase, the Architect is to provide administration of the Construction Agreement (as described below) and advise and consult with the contractor and Wells OP concerning various matters relating to the construction of the Nissan Project. The Architect is required to visit the Nissan Project site at intervals appropriate to the stage of construction and to become generally familiar with the progress and quality of the work and to determine if, in general, the work is proceeding in accordance with the contract schedule. The Architect is required to keep Wells OP informed of the progress and quality of the work. The Architect is also required to determine the amounts owing to the contractor based on observations of the site and evaluations of the contractor's application for payment and shall issue certificates for payment in amounts determined in accordance with the Construction Agreement. The Architect will also conduct inspections to determine the date of completion of the Nissan Project and shall issue a final certificate for payment.

Payments will be paid to the Architect under the Architect Agreement on a monthly basis in proportion to the services performed within each phase of service. Monthly invoices will be based on the work done by designers, writers, and draftsmen at various hourly rates.

Design and Build Construction Agreement. Wells OP entered into a Design and Build Construction Agreement (Construction Agreement) on September 19, 2001 with Thos. S. Byrne, Inc. (Contractor) for the construction of the Nissan Project. The Contractor is based in Ft. Worth, Texas and specializes in commercial, industrial and high-end residential buildings. The Contractor commenced operations in 1923 and has completed over 200 projects for a total of approximately 60 clients. The Contractor is presently

engaged in the construction of over 20 projects with a total construction value of in excess of $235 million. The Contractor is not affiliated with Wells OP or our Advisor.

The Contractor will begin construction of the Nissan Project in January 2002. The Nissan Project will consist of the construction of a three-story concrete tilt-up, high performance glass office building containing approximately 268,290 rentable square feet (Nissan Building). The land is currently zoned to permit the intended development and operation of the Nissan Project as a commercial office building and has access to all utilities necessary for the development and operation of the Nissan Project, including water, electricity, sanitary sewer and telephone.

The Construction Agreement provides that Wells OP will pay the Contractor a maximum of $25,326,017 for the construction of the Nissan Project which includes all estimated fees and costs including the architect fees. The Contractor will be responsible for all costs of labor, materials, construction equipment and machinery necessary for completion of the Nissan Project. In addition, the Contractor will be required to secure and pay for any additional business licenses, tap fees and building permits which may be necessary for construction of the Nissan Project.

Wells OP will make monthly progress payments to the Contractor in an amount of 90% of the portion of the contract price properly allocable to labor, materials and equipment, less the aggregate of any previous payments made by Wells OP. When construction is substantially complete and the space is available for occupancy, Wells OP will make a semi-final payment in the amount of all of the unpaid balance, except that Wells OP may retain an amount in accordance with the terms of the Construction Contract which is necessary to protect its remaining interest until final completion of the Nissan Project. Wells OP will pay the entire unpaid balance when the Nissan Project has been fully completed in accordance with the terms and conditions of the Construction Contract. As a condition of final payment, the Contractor will be required to execute and deliver a release of all claims and liens against Wells OP.

The Contractor will be responsible to Wells OP for the acts or omissions of its subcontractors and suppliers of materials and of persons either directly or indirectly employed by them. The Contractor has agreed to indemnify Wells OP from and against all liability, claims, damages, losses, expenses and costs of any kind or description arising out of or in connection with the performance of the Construction Contract, provided that such liability, claim, damage, loss or expense is caused in whole or in part by any act or omission of the Contractor, any subcontractor or materialmen, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. The Construction Contract also requires the Contractor to obtain and maintain, until completion of the Nissan Project, adequate insurance coverage relating to the Nissan Project, including insurance for workers' compensation, personal injury and property damage.

The Contractor is required to work expeditiously and diligently to maintain progress in accordance with the construction schedule and to achieve substantial completion of the Nissan Project within the contract time. The Contractor is required to employ all such additional labor, services and supervision, including such extra shifts and overtime, as may be necessary to

maintain progress in accordance with the construction schedule. It is anticipated that the Nissan Project will be substantially completed by February 2003. Wells OP shall obtain a completion and performance bond in an amount sufficient to complete construction and development of the Nissan Project to reduce the risk of non-performance and to assure compliance with approved plans and specifications.

The Nissan Lease. The entire 268,290 rentable square feet of the Nissan Building is currently under a lease agreement with Nissan Motor Acceptance Corporation (Nissan). The term of the lease began on September 19, 2001 and will extend 10 years beyond the rent commencement date. Construction on the building is scheduled to begin on or before February 1, 2002 and to be completed within 20 months from

its commencement. The rent commencement date will occur shortly after completion. Nissan has the right to extend the initial 10-year term of this lease for an additional two years, upon written notice. Nissan also has the right to extend the lease for two additional five-year periods at 95% of the then-current market rental rate, upon written notice.

Nissan is a California corporation with its corporate headquarters in Torrance, California. Nissan is a wholly owned subsidiary of Nissan North America, Inc. (NNA), a guarantor of Nissan's lease. NNA is a California corporation, with headquarters in Gardenia, California. NNA handles the North American business sector of its Japanese parent, Nissan Motor Company, Ltd. NNA's business activities include design, development, manufacturing and marketing of Nissan vehicles in North America. NNA employs approximately 2,400 people. As a subsidiary of NNA, Nissan purchases retail and lease contracts from, and provides wholesale inventory and mortgage loan financing to, Nissan and Infiniti retailers. Nissan Motor Company, Ltd., the parent company of NNA, reported fiscal year 2000 net income of $2.6 billion on revenues of $49.1 billion, and a net worth, as of March 31, 2001, of $7.7 billion.

The base rent payable for the Nissan lease beginning on the rent commencement date is as follows:

Lease Year	Annual Rent	Monthly Rent
1	$4,225,860	$352,155
2	$4,325,168	$360,431
3	$4,426,809	$368,901
4	$4,530,839	$377,570
5	$4,637,314	$386,443
6	$4,746,291	$395,524
7	$4,857,829	$404,819
8	$4,971,988	$414,332
9	$5,088,829	$424,069
10	$5,208,417	$434,035
11*	$5,330,815	$444,235
12*	$5,456,089	$454,674

* If 2-year extension option is exercised.

Pursuant to the Nissan lease, Nissan is required to pay all taxes relating to the Nissan Building and all operating costs including, but not

limited to, those associated with water, sewer, gas, electricity, light, heat, telephone, television cable, rubbish removal, power and other utilities and services used by Nissan. Nissan will also pay for repairs to the HVAC, mechanical, electrical, elevator, and plumbing systems, as well as repairs to the structural roof walls, foundations, paving, curbs, landscaping and fixtures. Wells OP, as the landlord, will be responsible for repairs resulting from defects in the initial construction of the building, as well as repairs to structural portions of the foundation, exterior walls, structural frame and roof. Nissan has an option to purchase the property if certain construction related milestones are not met by Wells OP in the construction of the building. In addition, if Wells OP ever decides to sell or transfer the property, Nissan has a right of first refusal to purchase the property pursuant to the same proposed sale terms. In order to exercise this right, Nissan must inform Wells OP of its intent to purchase the property within 30 days of receiving notice that Wells OP intends to sell or transfer the property.

The Ingram Micro Distribution Facility

Purchase of a Ground Leasehold Interest in the Ingram Micro Distribution Facility. On September 27, 2001, Wells OP acquired a ground leasehold interest in a 701,819 square foot distribution facility located on a 39.223 acre tract of land at 3820 Micro Drive in the City of Millington, Shelby County, Tennessee (Ingram Micro Distribution Facility), pursuant to a Bond Real Property Lease dated as of December 20, 1995 (Bond Lease). The ground leasehold interest under the Bond Lease, along with the Bond and the Bond Deed of Trust described below, were purchased from Ingram Micro L.P. (Ingram) in a sale-lease back transaction for a purchase price of $21,050,000. Wells OP incurred acquisition expenses in connection with the purchase of the Ingram Micro Distribution Facility, including attorneys' fees, recording fees, property condition report fees, environmental report fees and other closing costs, of approximately $54,600. The Bond Lease expires on December 31, 2026.

Fee simple title to the land upon which the Ingram Micro Distribution Facility is located is held by the Industrial Development Board of the City of Millington, Tennessee (Industrial Development Board) which originally entered into the Bond Lease with Lease Plan North America, Inc. (Lease Plan). The Industrial Development Board issued an Industrial Development Revenue Note Ingram Micro L.P. Series 1995 (Bond) in a principal amount of $22,000,000 to Lease Plan in order to finance the construction of the Ingram Micro Distribution Facility. The Bond is secured by a Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases dated as of December 20, 1995 (Bond Deed of Trust) executed by the Industrial Development Board for the benefit of Lease Plan.

On December 20, 2000, Lease Plan assigned to Ingram its ground leasehold interest in the Ingram Micro Distribution Facility under the Bond Lease. On the same date, Lease Plan also assigned all of its rights and interest in the Bond and the Bond Deed of Trust of Ingram.

In addition to purchasing the Bond Lease, as set forth above, Wells OP also acquired the Bond and the Bond Deed of Trust from Ingram at closing. Beginning in 2006, Wells OP has the option under the Bond Lease to purchase the land underlying the Ingram Micro Distribution Facility from the Industrial Development Board for $100 plus satisfying the indebtedness evidenced by the Bond, which is currently held by Wells OP.

An independent appraisal of the ground leasehold interest in the Ingram Micro Distribution Facility was prepared by Douglas B. Hall & Associates, Inc., real estate appraisers, as of September 4, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was estimated to be $21,400,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Ingram Micro Distribution Facility will continue operating at a stabilized level with Ingram occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property.

Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the Ingram Micro Distribution Facility were satisfactory.

Description of the Ingram Micro Distribution Facility and Site. The Ingram Micro Distribution Facility, which was completed in 1997, is a one-story office and warehouse building containing approximately 701,819 rentable square feet located on a 39.22 acre tract of land.

The site is located in the northern part of Shelby County, Tennessee approximately 16 miles north of the Memphis central business district. The site is on the west side of U.S. Highway 51 and the east side of Old Millington Road, less than one mile from the Millington Municipal Airport. The major development in Millington is the former Memphis Naval Air Station, which was one of the world's largest inland naval bases until the 1993 Base Realignment and Closure Commission approved a new mission for the base. Approximately 1,900 acres of land on the base is now known as the West

Tennessee Regional Business Center and is planned for development as a major employment center in the area.

The Ingram Lease. On September 27, 2001, Wells OP entered into a new lease with Ingram pursuant to which Ingram agreed to lease the entire Ingram Micro Distribution Facility from Wells OP. The Ingram lease has a term of 10 years with two successive options to extend for 10 years each at an annual rate equal to the greater of (i) 95% of the then-current fair market rental rate, or (ii) the annual rental payment effective for the final year of the term immediately prior to such extension. Annual rent, as determined for each extended term, is also increased by 15% beginning in the 61st month of each extended term.

Ingram Micro, Inc. (Micro) is the general partner of Ingram and a guarantor on the Ingram lease. Micro is traded on the New York Stock Exchange and has its corporate headquarters in Santa Ana, California. Micro provides technology products and supply chain management services through wholesale distribution. It targets three different market segments, including corporate resellers, direct and consumer marketers, and value-added resellers. Micro's worldwide business consists of approximately 14,000 associates and operations in 36 countries. In addition, Micro serves approximately 175,000 customers and partners with approximately 1,700 manufacturers. For fiscal year-ended December 31, 2000, Micro reported a net income of over $226 million on revenues of approximately $30.7 billion and a net worth, as of December 31, 2000, of approximately $1.8 billion.

The annual base rent for the Ingram Micro Distribution Facility is $2,035,275 for years one through five of the lease term and $2,340,566 for years six through 10 of the lease term. Ingram has also agreed to pay as additional rent all other amounts, liabilities and obligations relating to the Ingram Micro Distribution Facility, including all taxes, assessments, water rents, sewer rents and charges, duties, impositions, license and permit fees, charges for public utilities of any kind, payments and all other charges incurred as a result of the use and occupation of the premises by Ingram. Ingram is also responsible for maintenance of the premises, including without limitation the adjoining sidewalks and curbs, roof, generators and all operational building systems.

The Lucent Building

Purchase of the Lucent Building. On September 28, 2001, Wells OP purchased a four-story office building with approximately 120,000 rentable square feet located at 200 Lucent Lane, Cary, North Carolina (Lucent Building) from Lucent Technologies, Inc. (Lucent) in a sale-lease back transaction. Lucent is not in any way affiliated with the Wells REIT or our Advisor.

The purchase price for the Lucent Building was $17,650,000. Wells OP incurred acquisition expenses in connection with the purchase of the Lucent

Building, including commissions, attorneys' fees, recording fees, structural report and environmental report fees, and other closing costs, of approximately $372,800.

An independent appraisal of the Lucent Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of October 1, 2001, pursuant to which the market value of the real property containing the leased fee interest subject to the lease described below was estimated to be $18,400,000, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the Lucent Building will continue operating at a stabilized level with Lucent occupying 100% of the rentable area, and is not necessarily an accurate reflection of the fair market value of the property or the net proceeds which would result from an immediate sale of this property. Wells OP also obtained an environmental report and an engineering inspection report prior to the closing evidencing that the condition of the land and the Lucent Building were satisfactory.

Description of the Lucent Building and Site. The Lucent Building, which was completed in 1999, is a four-story office building containing approximately 120,000 rentable square feet located on a 29.19 acre tract of land, which includes a 11.84 acre improved tract of land and a 17.34 acre undeveloped tract of land. The building is constructed using a steel frame with steel beams and a reinforced concrete foundation. The exterior walls are made of primarily glass and steel. The common area interior walls consist of textured and painted sheetrock with wood accent and trim. In addition, the building has multiple elevators and approximately 500 paved parking spaces.

The Lucent Building is located at 200 Lucent Lane in Regency Park office park in the "Research Triangle" in Cary, North Carolina. The site is approximately 10 miles west of downtown Raleigh and 15 miles south of Raleigh-Durham International Airport. Cary is a growing commercial and residential suburb of Raleigh. Some of Cary's major industries include computer software and technology, pharmaceuticals and communications. Regency Park contains tenants such as Hewlett-Packard, Nextel and Alltel and is located approximately three miles from Interstate 40, one of the major east-west highways in the United States.

The Lucent Lease. The entire 120,000 rentable square feet of the Lucent Building is currently under a lease agreement with Lucent, which does not include the 17.34 acre undeveloped tract of land described above. The current term of the lease is 10 years, which commenced on September 28, 2001, and expires on September 30, 2011. Lucent has the right to extend the term of this lease for three additional five-year periods at the then-current fair market rental rate, upon 12 months prior written notice.

Lucent is traded on the New York Stock Exchange and has its corporate headquarters in Murray Hill, New Jersey. Lucent designs, develops and manufactures communications systems, software and other products. As of June 30, 2001, Lucent employed approximately 87,000 people and had offices or distributors in over 65 countries. For fiscal year-ended September 30, 2000, Lucent reported a net income of over $1.2 billion on total revenues of approximately $34 billion and a net worth, as of September 30, 2000, of over $26 billion.

The base rent payable under the Lucent lease is as follows:

Lease Year	Anuual Rent	Monthly Rent
1	$1,800,000	$150,000
2	$1,854,000	$154,500
3	$1,909,620	$159,135
4	$1,966,908	$163,909

5	$2,025,915	$168,826
6	$2,086,693	$173,891
7	$2,149,294	$179,108
8	$2,213,773	$184,481
9	$2,280,186	$190,016
10	$2,348,592	$195,716

Pursuant to the Lucent lease, Lucent is required to pay all taxes relating to the Lucent Building and all operating costs, including, but not limited to, those associated with water, sewerage, gas, steam, electricity, air conditioning, telephone, garbage removal, power and other utilities and services used by Lucent. Lucent is also required to pay for all repair and maintenance costs, including but not limited to, window cleaning, security personnel, elevator maintenance, HVAC maintenance, janitorial service, waste recycling service, and landscaping maintenance. Wells OP, as the landlord, will be responsible for building repairs caused by fire or other insurable casualties.

Property Management Fees

Wells Management Company, Inc. (Wells Management), an affiliate of the Wells REIT and our Advisor, has been retained to manage and lease the IKON Buildings, the Nissan Building, the Ingram Micro Distribution Facility and the Lucent Building. The Wells REIT shall pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the IKON Buildings, the Nissan Building, the Ingram Micro Distribution Facility and the Lucent Building, subject to certain limitations.

Description of Properties - The Matsushita Building

The information contained on page 85 in the "Description of Properties - The Matsushita Building" section of the prospectus is revised as of the date of this supplement by the deletion of the first and fourth full paragraphs on that page and the insertion of the following paragraphs in lieu thereof:

Wells OP and Matsushita Avionics Systems Corporation (Matsushita Avionics) entered into a Second Amendment to Office Lease (Amendment) relating to the two-story office building (Matsushita Building) located in the City of Lake Forest, Orange County, California. The Amendment confirms that the lease commencement date for the Matsushita lease is January 4, 2000, and that the amount of rentable square feet of the building is 144,906 square feet.

The Matsushita lease terminates on January 31, 2007. Matsushita Avionics has the option to extend the lease for two additional five-year periods of time at an annual rate equal to 95% of the then-current fair market rental rate,. Wells OP and Matsushita Avionics agreed that the total project cost for the construction of the Matsushita Building upon which the base rent was calculated was $18,431,206. The base rent payable for the remainder of the Matsushita lease is as follows:

Lease Year	Annual Rent	Monthly Rent
2/1/01-1/31/02	$1,888,834.60	$157,361.97
2/1/02-1/31/04	$2,005,463.60	$167,121.97
2/1/04-1/31/06	$2,122,583.60	$176,881.97
2/1/06-1/31/07	$2,239,703.60	$186,641.97

Management's Discussion and Analysis of Financial Condition and Results of Operation

The information contained on page 98 in the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" section of the prospectus is revised as of the date of this supplement by the deletion of the first two paragraphs of that section and the insertion of the following paragraphs in lieu thereof:

We began active operations on June 5, 1998, when we received and accepted subscriptions for 125,000 shares pursuant to our initial public offering, which commenced on January 30, 1998. We terminated our initial public offering on December 19, 1999. Of the $132,181,919 raised in the initial offering, we invested a total of $111,032,812 in properties. On December 20, 1999, we commenced a second public offering of up to 22,200,000 shares of common stock. We terminated our second offering on December 19, 2000. Of the $175,229,193 raised in the second offering, we invested a total of $147,192,522 in properties.

Pursuant to the prospectus, we commenced this third offering of shares of our common stock on December 20, 2000. As of October 10, 2001, we had received an additional $330,794,345 in gross offering proceeds from the sale of 33,079,435 shares in the third offering. As of October 10, 2001, we had raised in the aggregate a total of $638,205,457 in offering proceeds through the sale of 63,820,546 shares of common stock. As of October 10, 2001, we had paid a total of $22,194,260 in acquisition and advisory fees and acquisition expenses, had paid a total of $77,857,869 in selling commissions and organizational and offering expenses, had made capital contributions of $523,731,851 to Wells OP for investments in joint ventures and acquisitions of real property, had utilized $4,083,734 for the redemption of stock pursuant to our share redemption program, and were holding net offering proceeds of $10,337,743 available for investment in additional properties.

Plan of Distribution

The information contained on page 155 in the "Plan of Distribution" section of the prospectus is revised as of the date of this supplement by the deletion of the sixth and seventh full paragraphs on that page and the insertion of the following paragraphs in lieu thereof:

In connection with sales of certain minimum numbers of shares to a "purchaser," as defined below, the registered representative and the investor may agree to reduce the amount of selling commissions payable with respect to such sales. Such reduction will be credited to the investor by reducing the purchase price per share payable by the investor. The following table illustrates the various discount levels available:

Number of Shares Purchased	Purchase Price per Incremental Share in Volume Discount Range	Commissions on Sales per Incremental Share in Volume Discount Range	
		Percent	Amount
1 to 50,000	$10.00	7.0%	$0.70
50,001 to 100,000	$ 9.80	5.0%	$0.50
100,001 and Over	$ 9.60	3.0%	$0.30

For example, if an investor purchases 200,000 shares, he could pay as little as $1,950,000 ($9.75 per share) rather than $2,000,000 for the shares, in which event the commission on the sale of such shares would be $90,000 ($0.45 per share) and, after payment of the dealer manager fee of $50,000 ($0.25 per share), we would receive net proceeds of $1,810,000 ($9.05 per share). The net proceeds to the Wells

REIT will not be affected by volume discounts.

The information contained on page 157 in the "Plan of Distribution" section of the prospectus is revised as of the date of this supplement by the deletion of the second and third full paragraphs on that page and the insertion of the following paragraphs in lieu thereof:

> Investors may agree with the participating broker-dealer selling them shares or with the Dealer Manager if no participating broker-dealer is involved in the transaction to reduce the amount of selling commissions payable to zero (i) in the event the investor has engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services, or (ii) in the event the investor is investing in a bank trust account with respect to which the investor has delegated the decision-making authority for investments made in the account to a bank trust department. The net proceeds to the Wells REIT will

> not be affected by eliminating commissions payable in connection with sales to investors purchasing through such registered investment advisors or bank trust departments. All such sales must be made through registered broker-dealers.
>
> Neither the Dealer Manager nor its affiliates will directly or indirectly compensate any person engaged as an investment advisor or a bank trust department by a potential investor as an inducement for such investment advisor or bank trust department to advise favorably for an investment in the Wells REIT.

Financial Statements

The Statements of Revenues Over Certain Operating Expenses of the IKON Buildings for the year ended December 31, 2000 and the Statements of Certain Operating Expenses in Excess of Revenues of the Ingram Micro Distribution Facility and Lucent Building for the year ended December 31, 2000, included in this supplement and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in this supplement in reliance upon the authority of said firm as experts in giving said reports.

The Statements of Revenues Over Certain Operating Expenses of the IKON Buildings for the six months ended June 30, 2001 and the Statements of Certain Operating Expenses in Excess of Revenues of the Ingram Micro Distribution Facility and Lucent Building for the six months ended June 30, 2001, included in this supplement and elsewhere in the registration statement, have not been audited.

The Pro Forma Balance Sheet of the Wells REIT, as of June 30, 2001, the Pro Forma Statement of Income for the six months ended June 30, 2001, and the Pro Forma Statement of Income (loss) for the year ended December 31, 2000, which are included in this supplement, have not been audited.

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[LOGO ANDERSEN]

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the IKON BUILDINGS for the six months ended June 30, 2001 and the year ended December 31, 2000. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues over certain operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues over certain operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would not be comparable with those resulting from the operations of the IKON Buildings after acquisition by the Wells Operating Partnership, L.P., a subsidiary of Wells Real Estate Investment Trust, Inc. The accompanying statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the IKON Buildings' revenues and expenses.

In our opinion, the statement of revenues over certain operating expenses presents fairly, in all material respects, the revenues over certain operating expenses of the IKON Buildings for the six months ended June 30, 2001 and the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
September 12, 2001

IKON BUILDINGS

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE SIX MONTHS ENDED JUNE 30, 2001

AND THE YEAR ENDED DECEMBER 31, 2000

	2001	2000
	(Unaudited)	
RENTAL REVENUES	$1,034,675	$1,379,567
OPERATING EXPENSES, net of reimbursements	0	115,276
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,034,675	$1,264,291

The accompanying notes are an integral part of these statements.

IKON BUILDINGS

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE SIX MONTHS ENDED JUNE 30, 2001

AND THE YEAR ENDED DECEMBER 31, 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On September 7, 2001, the Wells Operating Partnership, L.P. ("Wells OP") acquired the IKON Buildings from SV Reserve, L.P. ("SV Reserve"). Wells OP is a Delaware limited partnership that was organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

IKON Office Solutions, Inc. ("IKON") currently occupies the entire

157,790 rentable square feet of the two single-story office buildings comprising the IKON Buildings under a net lease agreement (the "IKON Lease"). IKON is a public entity traded on the New York Stock Exchange. SV Reserve's interest in the IKON Lease was assigned to Wells OP at the closing. The initial term of the IKON Lease commenced on May 1, 2000 and expires on April 30, 2010. IKON has the right to extend the IKON Lease for two additional periods of five years at a rate equal to the then-current fair market rental rate. Under the IKON Lease, IKON is required to pay, as additional monthly rent, all operating costs, including but not limited to, water, power, heating, lighting, air conditioning and ventilation, security fees, landscaping, window cleaning, pest control, property management fees, taxes, assessments and governmental levies, insurance, amortization (together with reasonable financing charges) of capital items installed for the purpose of reducing operating expenses, as well as the cost of all supplies, wages and salaries incurred by the landlord in connection with the operations and maintenance of the premises. Wells OP will be responsible for all building repairs caused by fire, windstorm, or other insurable casualty.

Rental Revenues

Rental income is recognized on a straight-line basis over the term of the IKON Lease.

2. Basis of Accounting

The accompanying statements of revenues over certain operating expenses are presented on the accrual basis. These statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses, such as depreciation, interest, and management fees. Therefore, these statements are not comparable to the operations of the IKON Buildings after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of certain operating expenses in excess of revenues for the Ingram MICRO DISTRIBUTION FACILITY for the year ended December 31, 2000. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of certain operating expenses in excess of revenues is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of certain operating expenses in excess of revenues. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would be comparable with those resulting from the operations of the Ingram Micro Distribution Facility after acquisition by Wells Operating Partnership, L.P., a subsidiary of Wells Real Estate Investment Trust, Inc. The accompanying statement of certain operating expenses in excess of revenues was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Ingram Micro Distribution Facility's revenues and expenses.

In our opinion, the statement of certain operating expenses in excess of

revenues presents fairly, in all material respects, certain operating expenses in excess of revenues for the Ingram Micro Distribution Facility for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
October 5, 2001

INGRAM MICRO DISTRIBUTION FACILITY

STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

	(Unaudited) 2001	2000
RENTAL REVENUES	$ 0	$ 0
OPERATING EXPENSES	945,910	2,083,598
CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES	$(945,910)	$(2,083,598)

The accompanying notes are an integral part of these statements.

INGRAM MICRO DISTRIBUTION FACILITY

NOTES TO STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

1. Organization and significant accounting policies

Description of Real Estate Property Acquired

On September 27, 2001, Wells Operating Partnership, L.P. ("Wells OP") acquired the Ingram Micro Distribution Facility from Ingram Micro, L.P. ("Ingram"). Wells OP is a Delaware limited partnership organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

Ingram currently occupies 100% of the Ingram Micro Distribution Facility under a net lease agreement (the "Ingram Lease") with Wells OP. The Ingram Micro Distribution Facility is a one-story industrial building comprised of

701,819 rentable square feet. Ingram Micro, Inc. is the guarantor of the Ingram Lease and is a public entity traded on the New York Stock Exchange. Prior to September 27, 2001, Ingram owned and occupied the entire Ingram Micro Distribution Facility; therefore, no rental revenues were recognized for the year ended December 31, 2000 or for the six months ended June 30, 2001. The initial term of the Ingram Lease commenced on September 27, 2001 and expires on September 30, 2011. Ingram has the right to extend the Ingram Lease for two additional periods of ten years at an annual rate equal to the greater of (i) 95% of the then-current fair market rental rate, or (ii) the annual rental payment effective for the final year of the term immediately prior to such extension. Annual rent, as determined for each extended term, shall also be increased by 15% beginning in the 61st month of each extended term. Under the Ingram Lease, Ingram is required to pay, as additional monthly rent, all operating costs, including but not limited to insurance costs, utilities, taxes, assessments, water and sewer charges, license and permit fees. Ingram is also responsible for maintenance of the premises, including without limitation the adjoining sidewalks and curbs, roof, generators and all operational building systems.

2. Basis of Accounting

The accompanying statements of certain operating expenses in excess of revenues are presented on the accrual basis. These statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses such as depreciation, interest, and management fees. Therefore, these statements are not comparable to the operations of the Ingram Micro Distribution Facility after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of certain operating expenses in excess of revenues of the Lucent BUILDING for the year ended December 31, 2000. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of certain operating expenses in excess of revenues is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of certain operating expenses in excess of revenues. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement excludes certain expenses that would be comparable with those resulting from the operations of the Lucent Building after acquisition by Wells Operating Partnership, L.P., a subsidiary of Wells Real Estate Investment Trust, Inc. The accompanying statement of certain operating expenses in excess of revenues was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and is not intended to be a complete presentation of the Lucent Building's revenues and expenses.

In our opinion, the statement of certain operating expenses in excess of revenues presents fairly, in all material respects, certain operating expenses in excess of revenues for the Lucent Building for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia
October 5, 2001

LUCENT BUILDING

STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

	(Unaudited) 2001	2000
RENTAL REVENUES	$ 0	$ 0
OPERATING EXPENSES	246,503	465,726
CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES	$(246,503)	$(465,726)

The accompanying notes are an integral part of these statements.

LUCENT BUILDING

NOTES TO STATEMENTS OF

CERTAIN OPERATING EXPENSES IN EXCESS OF REVENUES

FOR THE SIX MONTHS ENDED JUNE 30, 2001 (UNAUDITED)

AND THE YEAR ENDED DECEMBER 31, 2000

1. Organization and Significant Accounting Policies

Description of Real Estate Property Acquired

On September 28, 2001, Wells Operating Partnership, L.P. ("Wells OP") acquired the Lucent Building from Lucent Technologies, Inc. ("Lucent"). Wells OP is a Delaware limited partnership organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP.

Lucent currently occupies 100% of the Lucent Building under a net lease agreement (the "Lucent Lease") with Wells OP. The Lucent Building is a four-story office building comprised of 120,000 rentable square feet. Lucent is a public entity traded on the New York Stock Exchange. Prior to September 28, 2001, Lucent owned and occupied the entire rentable square feet of the Lucent Building; therefore, no rental revenues were recognized for the year ended December 31, 2000 or for the six months ended June 30,

2001. The initial term of the Lucent Lease commenced on September 28, 2001 and expires on September 30, 2011. Lucent has the right to extend the Lucent Lease for three additional periods of five years at a rate equal to the then-current fair market rental rate. Under the Lucent Lease, Lucent is required to pay, as additional monthly rent, all operating costs including but not limited to electricity, gas, steam, water, sanitation, air conditioning, as well as other fuel and utilities for the property. Lucent is also responsible for maintaining all service and maintenance agreements for the building and equipment contained therein, including but not limited to window cleaning, security, elevator and HVAC maintenance, and janitorial and landscaping services. Wells OP will be responsible for all building repairs caused by fire or other insurable casualties.

2. Basis of Accounting

The accompanying statements of certain operating expenses in excess of revenues are presented on the accrual basis. These statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for real estate properties acquired. Accordingly, these statements exclude certain historical expenses such as depreciation, interest, and management fees. Therefore, these statements are not comparable to the operations of the Lucent Building after acquisition by Wells OP.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

JUNE 30, 2001

The following unaudited pro forma balance sheet as of June 30, 2001 has been prepared to give effect to the acquisition of the AmeriCredit Building by Wells XIII-REIT Joint Venture (a joint venture partnership between Wells Real Estate Fund XIII, L.P. and Wells Operating Partnership, L.P. ["Wells OP"]), the acquisitions of the State Street Bank Building, and the IKON Buildings by Wells OP (collectively, the "Prior Acquisitions"), and the Ingram Micro Distribution Facility, the Lucent Building and the Nissan Property acquired by Wells OP as if each acquisition occurred on June 30, 2001. The Comdata Building was acquired by Wells XII-REIT Joint Venture (a joint venture partnership between Wells Real Estate Fund XII, L.P. and Wells OP) on May 15, 2001.

The following unaudited pro forma statement of income for the six months ended June 30, 2001 has been prepared to give effect to the acquisitions of the Comdata Building, the AmeriCredit Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building, and the Nissan Property as if the acquisitions occurred on January 1, 2001. The following unaudited pro forma statement of income (loss) for the year ended December 31, 2000 has been prepared to give effect to the acquisitions of the Comdata Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, and the Lucent Building as if the acquisitions occurred on January 1, 2000. The AmeriCredit Building had no operations during 2000. The Nissan Property had no operations during 2001 or 2000.

Wells OP is a Delaware limited partnership organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc., a Maryland corporation. As the sole general partner of Wells OP, Wells Real Estate Investment Trust, Inc. possesses full legal control and authority over the operations of Wells OP. Accordingly, the accounts of Wells OP are consolidated with the accompanying pro forma financial statements of Wells Real Estate Investment Trust, Inc.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisitions of the Comdata Building, the AmeriCredit Building, the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building and the

Nissan Property been consummated at the beginning of the periods presented.

As of June 30, 2001, the date of the accompanying pro forma balance sheet, Wells OP held cash of $6,074,926. The additional cash used to purchase the State Street Bank Building, the IKON Buildings, the Ingram Micro Distribution Facility, the Lucent Building and the Nissan Property, including deferred project costs paid to Wells Capital, Inc. (an affiliate of Wells OP), was raised through the issuance of additional shares by Wells Real Estate Investment Trust, Inc. subsequent to June 30, 2001. This balance is reflected as purchase consideration payable in the accompanying pro forma balance sheet.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

JUNE 30, 2001
(Unaudited)

ASSETS

		Pro Forma Adjustments				
	Wells Real Estate Investment Trust, Inc.	Prior Acquisitions	Ingram Micro Distribution Facility	Lucent Building	Nissan Property	Pro Forma Total
REAL ESTATE ASSETS, at cost:						
Land	$ 47,256,748	$13,335,000(a) 555,625(b)	320,000(a) 13,333(b)	$ 2,850,000(a) 118,750(b)	$ 5,498,162(a) 229,090(b)	$ 70,176,708
Buildings, less accumulated depreciation of $15,863,470	285,964,597	57,206,623(a) 2,383,609(b)	20,785,184(a) 866,050(b)	14,850,282(a) 618,762(b)	0 0	382,675,107
Construction in progress	7,143,876	0	0	0	0	7,143,876
Total real estate assets	340,365,221	73,480,857	21,984,567	18,437,794	5,727,252	459,995,691
CASH AND CASH EQUIVALENTS	6,074,926	(5,924,926)(a) (150,000)(c)	0	0	0	0
INVESTMENT IN BONDS	0	0	22,000,000(f)	0	0	22,000,000
INVESTMENT IN JOINT VENTURES	60,261,895	11,343,750(d)	0	0	0	71,605,645
ACCOUNTS RECEIVABLE	4,661,279	0	0	0	0	4,661,279
DEFERRED LEASE ACQUISITION COSTS	1,738,658	0	0	0	0	1,738,658
DEFERRED PROJECT COSTS	3,849	(3,849)(e)	0	0	0	0
DEFERRED OFFERING COSTS	731,574	0	0	0	0	731,574
DUE FROM AFFILIATES	1,242,469	0	0	0	0	1,242,469
PREPAID EXPENSES AND OTHER ASSETS	1,558,395	0	0	0	0	1,558,395
Total assets	$ 416,638,266	$78,745,832	$43,984,567	$18,437,794	$ 5,727,252	$ 563,533,711

LIABILITIES AND SHAREHOLDERS' EQUITY

		Pro Forma Adjustments				
	Wells Real Estate Investment Trust, Inc.	Prior Acquisitions	Ingram Micro Distribution Facility	Lucent Building	Nissan Property	Pro Forma Total
LIABILITIES:						
Accounts payable and accrued expenses	$ 2,592,211	$ 0	$ 0	$ 0	$ 0	$ 2,592,211
Notes payable	10,298,850	48,300,000(a) 10,740,000(c)	8,850,000(a) 22,000,000(g)	12,800,000(a)	5,498,162(a)	118,487,012
Dividends payable	1,071,657	0	0	0	0	1,071,657
Due to affiliate	1,508,539	2,939,234(b) 449,901(e)	879,383(b)	737,512(b)	229,090(b)	6,743,659
Purchase consideration payable	0	16,316,697(a)	12,255,184(a)	4,900,282(a)	0	33,472,163
Deferred rental income	95,418	0	0	0	0	95,418
Total liabilities	15,566,675	78,745,832	43,984,567	18,437,794	5,727,252	162,462,120
COMMITMENTS AND CONTINGENCIES						
MINORITY INTEREST OF UNIT HOLDER						

IN OPERATING PARTNERSHIP	200,000	0	0	0	0	200,000
SHAREHOLDERS' EQUITY:						
Common shares, $.01 par value; 125,000,000 shares authorized, 47,770,468 shares issued and 47,489,415 shares outstanding	477,705	0	0	0	0	477,705
Additional paid-in capital	403,204,416	0	0	0	0	403,204,416
Treasury stock, at cost, 281,053 shares	(2,810,530)	0	0	0	0	(2,810,530)
Total shareholders' equity	400,871,591	0	0	0	0	400,871,591
Total liabilities and shareholders' equity	$ 416,638,266	$78,745,832	$43,984,567	$18,437,794	$ 5,727,252	$ 563,533,711

(a) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price for the land and the building.

(b) Reflects deferred project costs applied to the land and building at approximately 4.17% of the purchase price.

(c) Reflects Wells Real Estate Investment Trust, Inc.'s portion of the purchase price.

(d) Reflects Wells Real Estate Investment Trust, Inc.'s contribution to the Wells XIII-REIT Joint Venture.

(e) Reflects deferred project costs contributed to the Wells XIII-REIT Joint Venture at approximately 4.17% of the purchase price.

(f) Represents investments in bonds for which 100% of the principal balance becomes payable on December 31, 2026.

(g) Represents mortgage note secured by the Deed of Trust to the Ingram Micro Distribution Facility for which 100% of the principal balance becomes payable on December 31, 2026.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2001

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Prior Acquisitions	Ingram Micro Distribution Facility	Lucent Building	Pro Forma Total
REVENUES:					
Rental income	$ 19,711,252	$ 4,652,363(a)	$ 1,094,230(a)	$ 1,031,749(a)	$26,489,594
Equity in income (loss) of joint ventures	1,519,194	513,944(b)	0	0	1,934,514
Interest income	193,007	(98,624)(c) (193,007)(d)	880,000(j)	0	880,000
	21,423,453	4,874,676	1,974,230	1,031,749	29,304,108
EXPENSES:					
Depreciation and amortization	6,685,716	1,191,805(e)	433,025(e)	309,381(e)	8,619,927
Interest	2,809,373	379,761(f) 1,919,390(g)	287,714(k) 880,000(l)	416,128(m)	6,692,366
Operating costs, net of reimbursements	1,736,928	666,818(h)	0(h)	0(h)	2,403,746
Management and leasing fees	1,117,902	209,356(i)	49,240(i)	46,429(i)	1,422,927
General and administrative	635,632	0	0	0	635,632
Legal and accounting	117,331	0	0	0	117,331
Computer costs	6,328	0	0	0	6,328
	13,109,210	4,367,130	1,659,979	771,938	19,898,257
NET INCOME	$ 8,314,243	$ 507,546	$ 324,251	$ 259,811	$ 9,405,851
EARNINGS PER SHARE, basic and diluted	$ 0.22				$ 0.25

WEIGHTED AVERAGE SHARES, basic and diluted	37,792,014	37,792,014

(a) Rental income is recognized on a straight-line basis.

(b) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the income of Wells XII-REIT Joint Venture related to the Comdata Building from January 1, 2001 through May 14, 2001. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(c) Reflects Wells Real Estate Investment Trust, Inc.'s equity in the loss of Wells XIII-REIT Joint Venture related to the AmeriCredit Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(d) Represents forgone interest income related to cash utilized to purchase the Comdata Building, the AmeriCredit Building, and the State Street Bank Building.

(e) Depreciation expense on the buildings is recognized using the straight-line method and a 25-year life.

(f) Represents interest expense on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 6.5% per annum from January 1, 2001 through May 14, 2001.

(g) Represents interest expense on the $59,040,000 of notes payable to Bank of America, N.A., which bear interest at approximately 6.5% per annum for the six months ended June 30, 2001.

(h) Consists of nonreimbursable operating expenses.

(i) Management and leasing fees are calculated at 4.5% of rental income.

(j) Represents interest income on the $22,000,000 investment in bonds due from the Industrial Development Authority, which earns interest at 8% per annum.

(k) Represents interest expense on the $8,850,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 6.5% per annum for the six months ended June 30, 2001.

(l) Represents interest expense on the $22,000,000 mortgage note payable to the Industrial Development Authority, which bears interest at 8% per annum.

(m) Represents interest expense on the $12,800,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement Bank of America, N.A., which bears interest at approximately 6.5% per annum for the six months ended June 30, 2001.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA STATEMENT OF INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2000

(Unaudited)

	Wells Real Estate Investment	Prior	Ingram Micro Distribution	Lucent	Pro Forma

	Trust, Inc.	Acquisitions	Facility	Building	Total
REVENUES:					
Rental income	$ 20,505,000	$ 4,320,921(a)	$ 2,188,461(a)	$ 2,063,498(a)	$29,077,880
Equity in income of joint ventures	2,293,873	930,181(b)	0	0	3,224,054
Interest income	520,924	(520,924)(c)	1,760,000(i)	0	1,760,000
Other income	53,409	0	0	0	53,409
	23,373,206	4,730,178	3,948,461	2,063,498	34,115,343
EXPENSES:					
Depreciation and amortization	7,743,551	2,383,609(d)	866,049(d)	618,762(d)	11,611,971
Interest	4,199,461	1,284,495(e)	729,833(j)	1,055,578(l)	13,012,523
		3,983,156(f)	1,760,000(k)		
Operating costs, net of reimbursements	888,091	553,347(g)	0(g)	0(g)	1,441,438
Management and leasing fees	1,309,974	194,442(h)	98,481(h)	92,857(h)	1,695,754
General and administrative	426,680	0	0	0	426,680
Legal and accounting	240,209	0	0	0	240,209
Computer costs	12,273	0	0	0	12,273
	14,820,239	8,399,049	3,454,363	1,767,197	28,440,848
NET INCOME (LOSS)	$ 8,552,967	$(3,668,871)	$ 494,098	$ 296,301	$ 5,674,495
EARNINGS PER SHARE, basic and diluted	$ 0.40				$ 0.27
WEIGHTED AVERAGE SHARES, basic and diluted	21,382,418				21,382,418

(a) Rental income is recognized on a straight-line basis.

(b) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of Wells XII-REIT Joint Venture related to the Comdata Building. The pro forma adjustment results from rental revenues less operating expenses, management fees, and depreciation.

(c) Represents forgone interest income related to cash utilized to purchase the Comdata Building and the State Street Bank Building.

(d) Depreciation expense on the buildings is recognized using the straight-line method and a 25-year life.

(e) Represents interest expense incurred on the $15,575,863 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 8.3% for the year ended December 31, 2000.

(f) Represents interest expense on the $48,300,000 of notes payable to Bank of America, N.A., which bear interest at approximately 8.3% for the year ended December 31, 2000.

(g) Consists of nonreimbursable operating expenses.

(h) Management and leasing fees are calculated at 4.5% of rental income.

(i) Represents interest income on the $22,000,000 investment in bonds due from the Industrial Development Authority, which earns interest at 8%.

(j) Represents interest expense on the $8,850,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 8.3% for the six months ended June 30, 2001.

(k) Represents interest expense on the $22,000,000 mortgage note payable to the Industrial Development Authority, which bears interest at 8%.

(l) Represents interest expense on the $12,800,000 drawn on Wells Real Estate Investment Trust, Inc.'s revolving credit agreement with Bank of America, N.A., which bears interest at approximately 8.3% for the year ended December 31, 2000.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Items 31 through 35 and Item 37 of Part II are incorporated by reference to the Registrant's Registration Statement, as amended to date, Commission File No. 333-44900

Item 36 Financial Statements and Exhibits

(a) Financial Statements:

The following financial statements of the Registrant are filed as part of this Registration Statement and included in the Prospectus:

Audited Financial Statements

(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheets as of December 31, 1999 and December 31, 1998,
(3) Consolidated Statements of Income for the years ended December 31, 1999 and 1998,
(4) Consolidated Statements of Stockholders' Equity for the years ended December 31, 1999 and 1998,
(5) Consolidated Statements of Cash Flows for the years ended December 31, 1999 and 1998, and
(6) Notes to Consolidated Financial Statements.

Unaudited Financial Statements

(1) Balance Sheets as of September 30, 2000 and December 31, 1999,
(2) Statements of Income for the three months and nine months ended September 30, 2000 and 1999,
(3) Statements of Shareholders' Equity for the year ended December 31, 1999 and the nine months ended September 30, 2000,
(4) Statements of Cash Flows for the nine months ended September 30, 2000 and 1999, and
(5) Condensed Notes to Financial Statements.

The following financial statements relating to the acquisition of the Dial Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999.

The following financial statements relating to the acquisition of the ASML Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999.

The following financial statements relating to the acquisition of the Motorola Tempe Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999.

The following financial statements relating to the acquisition of the Motorola Plainfield Building are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited) and the nine months ended September 30, 2000 (unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited), and the nine months ended September 30, 2000 (unaudited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration Statement and are included in the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of September 30, 2000,
(3) Pro Forma Statement of Income for the year ended December 31, 1999, and
(4) Pro Forma Statement of Income for the nine months ended September 30, 2000.

The following financial statements relating to the acquisition of the Stone & Webster Building are filed as part of this Registration Statement and included in Supplement No. 1 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited) and the nine months ended September 30, 2000 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited)

and the nine months ended September 30, 2000 (unaudited).

The following financial statements relating to the acquisition of the AT&T Call Center Buildings are filed as part of this Registration Statement and included in Supplement No. 1 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited) and the nine months ended September 30, 2000 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 1999 (audited) and the nine months ended September 30, 2000 (unaudited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration

Statement and included in Supplement No. 1 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of September 30, 2000,
(3) Pro Forma Statements of Income (Loss) for the year ended December 31, 1999, and
(4) Pro Forma Statements of Income for the nine months ended September 30, 2000.

The following financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 2 to the Prospectus:

Audited Financial Statements

(1) Report of Independent Public Accountants,
(2) Consolidated Balance Sheets as of December 31, 2000 and December 31, 1999,
(3) Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998,
(4) Consolidated Statements of Stockholders' Equity for the years ended December, 31, 2000, 1999 and 1998,
(5) Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998, and
(6) Notes to Consolidated Financial Statements.

The following financial statements relating to the acquisition of the Comdata Building are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the three months ended March 31, 2001 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the three months ended March 31, 2001 (unaudited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 3 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of March 31, 2001,
(3) Pro Forma Statement of Income for the three months ended March 31, 2001, and
(4) Pro Forma Statement of Income for the year ended December 31, 2000.

The following financial statements relating to the acquisition of the State Street Building are filed as part of this Registration Statement and included in Supplement No. 4 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001

(unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration Statement and included in Supplement No. 4 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of June 30, 2001,
(3) Pro Forma Statement of Income for the three months ended June 30, 2001, and
(4) Pro Forma Statement of Income for the year ended June 30, 2000.

The following financial statements relating to the acquisition of the IKON Buildings are filed as part of this Registration Statement and included in Supplement No. 5 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited), and
(3) Notes to Statements of Revenues Over Certain Operating Expenses for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited).

The following financial statements relating to the acquisition of the Ingram Micro Distribution Facility are filed as part of this Registration Statement and included in Supplement No. 5 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited), and

(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited).

The following financial statements relating to the acquisition of the Lucent Building are filed as part of this Registration Statement and included in Supplement No. 5 to the Prospectus:

(1) Report of Independent Public Accountants,
(2) Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited), and
(3) Notes to Statements of Certain Operating Expenses in Excess of Revenues for the year ended December 31, 2000 (audited) and the six months ended June 30, 2001 (unaudited).

The following unaudited pro forma financial statements of the Registrant are filed as part of this Registration

Statement and included in Supplement No. 5 to the Prospectus:

(1) Summary of Unaudited Pro Forma Financial Statements,
(2) Pro Forma Balance Sheet as of June 30, 2001,
(3) Pro Forma Statement of Income for the six months ended June 30, 2001, and
(4) Pro Forma Statement of Income (Loss) for the year ended December 31, 2000.

(b) Exhibits (See Exhibit Index):

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
1.2	Form of Warrant Purchase Agreement (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.1	Amended and Restated Articles of Incorporation (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.2	Form of Bylaws (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
3.3	Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)

5.1	Opinion of Holland & Knight LLP as to legality of securities (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
8.1	Opinion of Holland & Knight LLP as to tax matters (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
8.2	Opinion of Holland & Knight LLP as to ERISA matters (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
10.1	Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
10.2	Advisory Agreement dated January 30, 2001 (previously filed in

and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.3 Amended and Restated Property Management and Leasing Agreement among Registrant, Wells Operating Partnership, L.P. and Wells Management Company, Inc. (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.4 Amended and Restated Joint Venture Agreement of The Fund IX, Fund X, Fund XI and REIT Joint Venture (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.5 Lease Agreement for the Alstom Power Knoxville Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.6 Net Lease Agreement for the Avaya Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.7 First Amendment to Net Lease Agreement for the Avaya Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.8 Lease Agreement for the Iomega Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.9 Joint Venture Agreement of Wells/Fremont Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.10 Lease Agreement for the Fairchild Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.11 Joint Venture Agreement of Wells/Orange County Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)

10.12 Lease for the PwC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.13 Amended and Restated Promissory Note for $15,500,000 for the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.14 Amendment No. 1 to Mortgage and Security Agreement and other Loan

Documents for the PwC Building securing the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.15 Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.16 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999).

10.17 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.18 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.19 Rental Income Guaranty Agreement relating to the Quest Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.20 Office Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.21 Guaranty of Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.22 Fifth Amendment to Lease for the Johnson Matthey Building (previously filed as Exhibit 10.7 and incorporated by reference to Post-Effective Amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on September 1, 1999)

10.23 Lease Agreement for the Gartner Building (previously filed in and incorporated by

reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.24 Lease Agreement for the Alstom Power Richmond Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.25 Second Amendment to Lease Agreement for the Alstom Power Richmond Building (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on

Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.26 Amended and Restated Joint Venture Partnership Agreement of The Wells Fund XI-Fund XII - REIT Joint Venture (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.27 Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.28 Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.29 Lease Agreement for the Metris Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.30 Promissory Note for $26,725,000 for the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.31 Mortgage, Assignment and Security Agreement for the Marconi Building and the AT&T Building securing the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.32 Assumption and Modification Agreement for the Metris Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.33 Joint Venture Partnership Agreement of Wells Fund XII-REIT Joint Venture Partnership (previously filed as Exhibit 10.11 and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on April 25, 2000)

10.34 Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.35 First Amendment to Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's

Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.36 Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.37 First Amendment to Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.38 Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.39 First Amendment to Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.40 Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.41 First Amendment to Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.42 Ground Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.43 Office Lease for the Siemens Building (previously filed as Exhibit 10.13 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on July 25, 2000)

10.44 Joint Venture Partnership Agreement of Fund VIII-IX-REIT Joint Venture (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)

10.45 Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)

10.46 Ground Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)

10.47 Lease Agreement for the Delphi Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)

10.48 Lease Agreement for the Quest Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)

10.49 Loan Agreement with SouthTrust Bank, N.A. for a $35,000,000 revolving line of credit dated May 3, 2000 (previously filed in

and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.50 Promissory Note for $35,000,000 to SouthTrust Bank, N.A. (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.51 Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.52 Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.53 Leasehold Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.54 Lease Agreement for the Motorola Plainfield Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)

10.55 Allonge to Revolving Note relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.56 First Amendment to Revolving Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.57 Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.58 Second Amendment to Amended and Restated Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.59 Revolving Note relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment

No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.60 Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and

incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.61 Leasehold Deed of Trust and Security Agreement with SouthTrust Bank N.A. relating to the Motorola Tempe Building and the Avnet Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.62 Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.63 Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.64 Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.65 First Amendment to Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.66 Agreement for Purchase and Sale of Property for the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.67 First Amendment to Agreement for Purchase and Sale of Property for the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.68 Promissory Note for $35,900,000 for the Guaranty Federal Bank Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.69 Deed of Trust, Mortgage and Security Agreement with Guaranty Federal Bank, F.S.B., relating to the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.70 Promissory Note for $3,000,000 for the Cardinal Paragon, Inc. Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's

Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.71 Deed of Trust with Cardinal Paragon, Inc. relating to the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.72 Lease Agreement with Stone & Webster, Inc. for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.73 Lease Agreement with Sysco Corporation for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.74 Purchase Agreement for Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.75 Lease Agreement for the Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.76 Fourth Amendment to Lease Agreement for the Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.77 Guaranty of Lease for the Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.78 Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.14 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.79 First Amendment to Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.15 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.80 Lease Agreement with AT&T Corp. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.16 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.81 Lease Agreement with Jordan Associates, Inc. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.17 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.82 Agreement for the Purchase and Sale of Property for the Comdata

	Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.83	Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.84	First Amendment to Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.85	Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.86	Agreement for the Purchase and Sale of Property for the AmeriCredit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.87	Lease Agreement for the AmeriCredit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.88	Agreement for the Purchase and Sale of Property for the State Street Building
10.89	Lease Agreement for the State Street Building
10.90	Agreement for the Purchase and Sale of Property for the IKON Buildings
10.91	Lease Agreement for the IKON Buildings
10.92	First Amendment to Lease Agreement for the IKON Buildings
10.93	Reinstatement of and Second Amendment to Lease Agreement for the IKON Buildings
10.94	Agreement of Sale for the Nissan Property
10.95	Lease Agreement for the Nissan Property
10.96	Guaranty of Lease for the Nissan Property
10.97	Development Agreement for the Nissan Property
10.98	Architect Agreement for the Nissan Property
10.99	Design and Build Construction Agreement for the Nissan Property
10.100	Agreement for the Purchase and Sale of Property for the Ingram Micro Distribution Facility
10.101	Indenture of Lease Agreement for Ingram Micro Distribution Facility
10.102	Guaranty of Lease Agreement for Ingram Micro Distribution Facility
10.103	Absolute Assignment of Lease and Assumption Agreement for Ingram Micro Distribution Facility

10.104	Bond Real Property Lease Agreement for the Ingram Micro Distribution Facility

10.105	Agreement for the Purchase and Sale of Property for the Lucent Building
10.106	Lease Agreement for the Lucent Building
10.107	Second Amendment to Lease Agreement for Matsushita Building
10.108	Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of January 1, 2000 (previously filed in and incorporated by reference to 10-K of Registrant for the fiscal year ended December 31, 2000, Commission File No. 0-25739)
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP
24.1	Power of Attorney

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-11 and has duly caused this Post-Effective Amendment No. 4 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Norcross, and State of Georgia, on the 17/th/ day of October, 2001.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
A Maryland corporation
(Registrant)

By:/s/ Leo F. Wells, III

Leo F. Wells, III, President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 4 to Registration Statement has been signed below on October 17, 2001 by the following persons in the capacities indicated.

Name		Title
/s/ Leo F. Wells, III Leo F. Wells, III		President and Director (Principal Executive Officer)
/s/ Douglas P. Williams Douglas P. Williams		Executive Vice President and Director (Principal Financial and Accounting Officer)
/s/ John L. Bell John L. Bell (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ Richard W. Carpenter Richard W. Carpenter (By Douglas P. Williams, as Attorney-in-fact)	*	Director
/s/ Bud Carter	*	Director

Bud Carter (By Douglas P. Williams, as Attorney-in-fact)		
/s/ William H. Keogler, Jr.	*	Director
William H. Keogler, Jr. (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Donald S. Moss	*	Director
Donald S. Moss (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Walter W. Sessoms	*	Director
Walter W. Sessoms (By Douglas P. Williams, as Attorney-in-fact)		
/s/ Neil H. Strickland	*	Director
Neil H. Strickland (By Douglas P. Williams, as Attorney-in-fact)		

* By Douglas P. Williams, as Attorney-in-fact, pursuant to Power of Attorney dated August 18, 2000 and included as Exhibit 24.1 herein.

EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Dealer Manager Agreement (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
1.2	Form of Warrant Purchase Agreement (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.1	Amended and Restated Articles of Incorporation (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
3.2	Form of Bylaws (previously filed in and incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
3.3	Amendment No. 1 to Bylaws (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Exhibit A to Prospectus)
5.1	Opinion of Holland & Knight LLP as to legality of securities (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
8.1	Opinion of Holland & Knight LLP as to tax matters (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
8.2	Opinion of Holland & Knight LLP as to ERISA matters (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)
10.1	Agreement of Limited Partnership of Wells Operating Partnership, L.P. (previously filed in and incorporated by reference to

	Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 23, 1998)
10.2	Advisory Agreement dated January 30, 2001 (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)
10.3	Amended and Restated Property Management and Leasing Agreement among Registrant, Wells Operating Partnership, L.P. and Wells Management Company, Inc. (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)
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10.9	Joint Venture Agreement of Wells/Fremont Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
10.10	Lease Agreement for the Fairchild Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
10.11	Joint Venture Agreement of Wells/Orange County Associates (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on August 14, 1998)
10.12	Lease for the PwC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)
10.13	Amended and Restated Promissory Note for $15,500,000 for the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-

32099, filed on January 15, 1999)

10.14 Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents for the PwC Building securing the SouthTrust Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.15 Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.16 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999).

10.17 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.18 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the AT&T Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.19 Rental Income Guaranty Agreement relating to the Quest Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.20 Office Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.21 Guaranty of Lease for the Matsushita Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 5 of the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on April 15, 1999)

10.22 Fifth Amendment to Lease for the Johnson Matthey Building (previously filed as Exhibit 10.7 and incorporated by reference to Post-Effective Amendment No. 1 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on September 1, 1999)

10.23 Lease Agreement for the Gartner Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.24 Lease Agreement for the Alstom Power Richmond Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 7 to Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on October 14, 1999)

10.25 Second Amendment to Lease Agreement for the Alstom Power Richmond Building (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on

Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.26 Amended and Restated Joint Venture Partnership Agreement of The Wells Fund XI-Fund XII - REIT Joint Venture (previously filed in and incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 17, 1999)

10.27 Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.28 Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.29 Lease Agreement for the Metris Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.30 Promissory Note for $26,725,000 for the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.31 Mortgage, Assignment and Security Agreement for the Marconi Building and the AT&T Building securing the Bank of America Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.32 Assumption and Modification Agreement for the Metris Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on March 15, 2000)

10.33 Joint Venture Partnership Agreement of Wells Fund XII-REIT Joint Venture Partnership (previously filed as Exhibit 10.11 and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on April 25, 2000)

10.34 Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.35 First Amendment to Lease Agreement for the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.36 Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)

10.37 First Amendment to Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-

	Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.38	Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.39	First Amendment to Ground Lease Agreement for the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.40	Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.41	First Amendment to Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.42	Ground Lease Agreement for the Motorola Tempe Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on June 9, 2000)
10.43	Office Lease for the Siemens Building (previously filed as Exhibit 10.13 and incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement of Wells Real Estate Fund XII, L.P. on Form S-11, Commission File No. 33-66657, filed on July 25, 2000)
10.44	Joint Venture Partnership Agreement of Fund VIII-IX-REIT Joint Venture (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.45	Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.46	Ground Lease Agreement for the Avnet Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.47	Lease Agreement for the Delphi Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.48	Lease Agreement for the Quest Building (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on August 31, 2000)
10.49	Loan Agreement with SouthTrust Bank, N.A. for a $35,000,000 revolving line of credit dated May 3, 2000 (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)
10.50	Promissory Note for $35,000,000 to SouthTrust Bank, N.A.

(previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.51 Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Cinemark Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.52 Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the Dial Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.53 Leasehold Deed of Trust and Security Agreement with SouthTrust, N.A. relating to the ASML Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on September 8, 2000)

10.54 Lease Agreement for the Motorola Plainfield Building (previously filed in and incorporated by reference to Amendment No. 1 to Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 1, 2000)

10.55 Allonge to Revolving Note relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.56 First Amendment to Revolving Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $32,393,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.57 Second Note Modification Agreement relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.58 Second Amendment to Amended and Restated Loan Agreement and Other Loan Documents relating to the SouthTrust Bank N.A. $12,844,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.59 Revolving Note relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.60 Revolving Loan Agreement relating to the SouthTrust Bank N.A. $19,003,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.61 Leasehold Deed of Trust and Security Agreement with SouthTrust Bank N.A. relating to the Motorola Tempe Building and the Avnet Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration

Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.62 Amended and Restated Revolving Note relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.63 Amended and Restated Loan Agreement relating to the SouthTrust Bank N.A. $7,900,000 revolving line of credit (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.64 Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.65 First Amendment to Credit Line Deed of Trust and Security Agreement to SouthTrust N.A. relating to the Alstom Power Richmond Building (previously filed in and incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on December 18, 2000)

10.66 Agreement for Purchase and Sale of Property for the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.67 First Amendment to Agreement for Purchase and Sale of Property for the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.68 Promissory Note for $35,900,000 for the Guaranty Federal Bank Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.69 Deed of Trust, Mortgage and Security Agreement with Guaranty Federal Bank, F.S.B., relating to the Stone & Webster Building (previously filed in and incorporated by

reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.70 Promissory Note for $3,000,000 for the Cardinal Paragon, Inc. Loan (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.71 Deed of Trust with Cardinal Paragon, Inc. relating to the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.72 Lease Agreement with Stone & Webster, Inc. for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-

44900, filed on February 9, 2001)

10.73 Lease Agreement with Sysco Corporation for a portion of the Stone & Webster Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.74 Purchase Agreement for Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.75 Lease Agreement for the Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.76 Fourth Amendment to Lease Agreement for the Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.77 Guaranty of Lease for the Metris Minnetonka Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on February 9, 2001)

10.78 Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.14 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.79 First Amendment to Agreement for the Purchase and Sale of Property for the AT&T Call Center Buildings (previously filed as Exhibit 10.15 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.80 Lease Agreement with AT&T Corp. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.16 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.81 Lease Agreement with Jordan Associates, Inc. for a portion of the AT&T Call Center Buildings (previously filed as Exhibit 10.17 and incorporated by reference to Post-Effective Amendment No. 4 to the Registration Statement of Wells Real Estate Fund XII, L.P., Commission File No. 333-66657, filed on February 9, 2001)

10.82 Agreement for the Purchase and Sale of Property for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.83 Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)

10.84 First Amendment to Lease Agreement for the Comdata Building (previously filed in and incorporated by reference to Post-

	Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.85	Joint Venture Partnership Agreement of Wells Fund XIII-REIT Joint Venture Partnership (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.86	Agreement for the Purchase and Sale of Property for the AmeriCredit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.87	Lease Agreement for the AmeriCredit Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-44900, filed on July 23, 2001)
10.88	Agreement for the Purchase and Sale of Property for the State Street Building
10.89	Lease Agreement for the State Street Building
10.90	Agreement for the Purchase and Sale of Property for the IKON Buildings
10.91	Lease Agreement for the IKON Buildings
10.92	First Amendment to Lease Agreement for the IKON Buildings
10.93	Reinstatement of and Second Amendment to Lease Agreement for the IKON Buildings
10.94	Agreement of Sale for the Nissan Property
10.95	Lease Agreement for the Nissan Property
10.96	Guaranty of Lease for the Nissan Property
10.97	Development Agreement for the Nissan Property
10.98	Architect Agreement for the Nissan Property
10.99	Design and Build Construction Agreement for the Nissan Property
10.100	Agreement for the Purchase and Sale of Property for the Ingram Micro Distribution Facility
10.101	Indenture of Lease Agreement for Ingram Micro Distribution Facility
10.102	Guaranty of Lease Agreement for Ingram Micro Distribution Facility
10.103	Absolute Assignment of Lease and Assumption Agreement for Ingram Micro Distribution Facility
10.104	Bond Real Property Lease Agreement for the Ingram Micro Distribution Facility
10.105	Agreement for the Purchase and Sale of Property for the Lucent Building
10.106	Lease Agreement for the Lucent Building
10.107	Second Amendment to Lease Agreement for Matsushita Building

10.108	Agreement of Limited Partnership of Wells Operating Partnership, L.P. as Amended and Restated as of January 1, 2000 (previously filed in and incorporated by reference to 10-K of Registrant for the fiscal year ended December 31, 2000, Commission File No. 0-25739)
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1 and 8.1)
23.2	Consent of Arthur Andersen LLP
24.1	Power of Attorney

EXHIBIT 10.88

AGREEMENT FOR PURCHASE AND SALE OF PROPERTY FOR

STATE STREET BUILDING

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of the 29/th/ day of June, 2001, by and between Crownview LLC, a Delaware limited liability company having an office at 15 Third Avenue, Burlington, Massachusetts 01803 ("Seller"), and Wells Capital, Inc., a Georgia corporation having an office at 6200 The corners Parkway, Suite 250, Norcross, Georgia 30092 ("Purchaser").

W I T N E S S E T H

In consideration of the covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The Sale.

Upon and subject to the terms and conditions of this Agreement, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller (i) all that certain parcel of land located in Quincy, Norfolk County, Massachusetts, commonly known as 1200 Crown Colony Drive, as more particularly described on Exhibit A attached hereto and made a part hereof (the "Land"), (ii) together with all buildings, improvements, structures, equipment and fixtures thereon, including without limitation the existing building having an aggregate of approximately 234,668 rentable square feet (the "Building"); (iii) Seller's right, title and interest in and to the lease by and between Seller, as landlord, and SSB Realty LLC, a Delaware limited liability company (the "Tenant"), as tenant, dated November 30, 2000, as amended by First Amendment of Lease by and between Seller and the Tenant dated December 15, 2000 (the "Lease"); (iv) all furniture, furnishings, fixtures, equipment and other tangible personal property owned by Seller, located on the Land or in the Building and used in connection therewith (the "Tangible Personal Property"); (v) all right, title and interest of Seller under any and all of the maintenance, service, advertising and other like contracts and agreements with respect to the ownership and operation of the Premises (the "Service Contracts"), all to the extent applicable to the period from and after the Closing (as defined in Section 4 below), except as expressly set forth to the contrary in this Agreement; and (vi) all the rights and appurtenances pertaining thereto, and any right, title and interest of Seller in and to adjacent streets, alleys, and rights-of-way (the Land, the Building, the Lease, the Tangible Personal Property, the Service Contracts and such other rights and interests being collectively referred to as the "Premises").

2. Purchase Price; Deposit.

The price for the Premises is Forty Nine Million Eight Hundred Eighty Seven Thousand Nine Hundred Eighty Eight and 00/100 Dollars ($49,887,988.00), increased by the amount, if any of the "Allowance" payable to the Tenant under the Lease which is paid to the tenant between the date of this Agreement and the Closing Date, as hereinafter defined (the "Purchase Price"). Five Hundred Thousand Dollars and 00/100 Dollars ($500,000.00) (the "Deposit") shall be paid by Purchaser to Ticor Title Insurance Company as escrow holder (the "Escrow Agent") upon execution of this Agreement. The balance of the Purchase Price shall be

paid to Seller at closing of title (the "Closing") at the option of Seller by

federal funds wire transferred to a bank account of Seller. The Deposit shall be held by Escrow Agent in an interest bearing account under the terms of an Escrow Agreement in the form and substance of Exhibit B annexed hereto. The Deposit, together with the accrued interest, shall be credited to Purchaser's payment of the Purchase Price at the Closing.

3. Condition of Title.

As soon as practicable after execution of this Agreement, Purchaser will obtain, at Purchaser's sole cost and expense, an ALTA Preliminary Commitment for Title Insurance (hereafter called the "Title Commitment") issued by a Ticor Title Insurance Company ("Title Company"), showing fee simple title to the Premises in Seller. Such Title Commitment shall specify all easements, liens, encumbrances, restrictions, conditions or covenants with respect to the Premises, and include copies of all documents referred to as exceptions to title. Promptly after receipt, Purchaser shall furnish Seller a copy of such Title Commitment and all such documents. If any exceptions appear in the Title Commitment to which Purchaser objects, Purchaser shall, within twenty (20) days after the receipt of the Title Commitment, notify Seller in writing of its objections to title. Seller will then promptly undertake to eliminate or cure (i) any mortgages or related security documents or similar encumbrances given to secure indebtedness for money borrowed, including without limitation the release and discharge of the documents evidencing and securing a loan made to Seller by KeyBank National Association, (ii) any mechanic's lien, or (iii) involuntary encumbrances which may be discharged by the payment of money, or bonding in lieu thereof (collectively, "Voluntary Encumbrances"), and may undertake to eliminate or cure title objections other than Voluntary Encumbrances ("Non-Voluntary Encumbrances") to the reasonable satisfaction of Purchaser. If Seller fails to cure or eliminate Non-Voluntary Encumbrances within thirty (30) days after receipt of such notice, Purchaser may terminate this Agreement by written notice to Seller given within ten (10) days after the end of such thirty (30) day period, whereupon Escrow Agent shall immediately repay the Deposit plus any accrued interest to Purchaser, and the parties shall thereafter have no further rights or obligations pursuant to this Agreement except such obligations which expressly survive such termination. In lieu of such termination, if Seller does not elect to cure or eliminate any such Non-Voluntary Encumbrance, Purchaser may elect to cure them at Purchaser's cost and expense, without any adjustment to the Purchase Price. Upon the elimination or cure of such title objections, the Title Company shall issue to Purchaser a specimen of the ALTA Standard Form Owner's Title Insurance Policy to be issued to Purchaser at Closing (the "Specimen Policy"). Any easements, restrictions, covenants and encroachments to which Purchaser has not objected, together with (a) such state of facts as are shown on an accurate survey of the Premises, (b) zoning and other laws and regulations affecting the Premises, and (c) liens for such taxes and special assessments as will not be, as of the Closing Date, due and payable, are hereafter referred to as "Permitted Exceptions."

4. Conditions Precedent to Closing.

4.1 Conditions Precedent to Purchaser's Obligation to Close. Purchaser's obligation to consummate the Closing is subject to the satisfaction of the following conditions:

(a) All of Seller's representations and warranties as contained herein shall be true and correct in all material respects as of Closing;

(b) Each item or instrument to be delivered to Purchaser by Seller described in Section 4.5 below shall be delivered at Closing;

(c) No suit, action or other proceeding shall be pending which seeks to restrain, enjoin or otherwise prohibit the consummation of the transaction contemplated by this Agreement, or which involves the Premises in any way; and

(d) Purchaser shall have received, on or before July 25, 2001, an appraisal prepared by Steve Foster, MAI, of Insignia/ESG, an appraisal of the Premises at a value at least equal to $52,000,000 (assuming the full investment of the "Allowance" payable to the Tenant under the Lease). If such appraisal is not received by such date, either Seller of Purchaser may terminate this Agreement, whereupon neither party shall have any further rights or obligations hereunder except those obligations that expressly survive such termination, and the Escrow Agent shall return the Deposit plus all accrued interest thereon to Purchaser.

4.2 Conditions Precedent to Seller's Obligation to Close. Seller's obligation to consummate the Closing is subject to the satisfaction of the following conditions:

(a) All of Purchaser's representations and warranties as contained herein shall be true and correct in all material respects as of Closing;

(b) Each item or instrument to be delivered to Seller by Purchaser described in Section 4.6 below is delivered at Closing; and

(c) No suit, action or other proceeding shall be pending which seeks to restrain, enjoin or otherwise prohibit the consummation of the transaction contemplated by this Agreement.

4.3 The Closing and Deliveries Thereat. The Closing shall be held at the offices of the Title Company, 75 Federal Street, Boston, Massachusetts, or at such other place as the parties may direct, on or before 10:00 a.m., on a date to be mutually agreed upon, provided that, if the parties do not agree on a date, the Closing shall take place on July 31, 2001 (the "Closing Date"). All documents to be delivered at the Closing and all payments to be made as specified in Sections 4.5 and 4.6 shall be delivered to the Escrow Agent on the Closing Date, in escrow, pending delivery of possession of the Premises in conformance with this Agreement, and the prompt recording of the deed and such other instruments as are required to be recorded to effect the transfer and conveyance of the Premises in conformity with this Agreement, upon which delivery and recording, and confirmation from the Title Company that it is prepared to issue a title policy consistent with the Specimen Policy, all instruments and funds shall then be delivered out of escrow. Purchaser and/or Purchaser's agents shall be entitled to inspect the Premises prior

to the delivery of the deed in order to determine whether the condition thereof complies with the terms of this Agreement.

4.4 At Closing Seller shall deliver full possession of the Premises free of all tenants and occupants other than the Tenant under the Lease and persons claiming by, through or under the Tenant.

4.5 The following deliveries shall be made by Seller at Closing (collectively, "Seller's Deliveries"):

(a) Seller shall execute, acknowledge, and deliver to Purchaser (or to a nominee designated by Purchaser no less than seven (7) days prior to the Closing Date) a Massachusetts statutory form of Quitclaim Deed, substantially in the form attached hereto as Exhibit C, conveying to
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Purchaser title in fee simple to the Premises, subject only to the Permitted Exceptions.

(b) Seller shall deliver to Purchaser two executed and acknowledged counterparts of an Assignment and Assumption of Lease substantially in the form annexed hereto as Exhibit D (the "Lease Assignment")

assigning to Purchaser Seller's interest as landlord under the Lease, together with the original signed Lease and all amendments thereto and guarantees thereof.

(c) Seller shall deliver to Purchaser two executed counterparts of a General Instrument of Transfer substantially in the form annexed hereto as Exhibit E (the "General Instrument of Transfer ") assigning the matters described therein, including without limitation (i) so much of the Premises as constitutes personal property (if any) sufficient to convey marketable title to such personal property to Purchaser free of all liens and encumbrances, except for the Permitted Exceptions, and (ii) any and all warranties, guarantees, contracts and agreements made by any contractor, subcontractor, vendor or supplier, or the sureties of such persons, in connection with the construction or maintenance of the improvements on the Premises. Purchaser may, in its own name, enforce such warranties, guarantees, contracts and agreements, and collect any liquidated or other damages payable pursuant thereto, but at Purchaser's sole cost and expense. Seller agrees to reasonably cooperate with Purchaser in any claim or demand against any such contractor, subcontractor, vendor or supplier or their respective sureties, for damages or breach of any contracts, but at no cost or expense to Seller.

(d) Seller shall deliver to Purchaser originals (or copies thereof if originals are not available) of all documents and materials assigned pursuant to the General Instrument of Transfer, including without limitation any surveys of the Premises, plans, specifications, keys, lock and safe combinations, training and instruction manuals relating to the maintenance and operation of the Premises, certificates of occupancy, and licenses relating to the use, occupancy, and operation of the Premises, which it may have.

(e) Seller shall deliver to Purchaser an affidavit sworn to by Seller, substantially in the form annexed hereto as Exhibit F, stating under penalties of perjury that Seller is not a foreign person as defined in Internal Revenue Code Section 1445 and stating Seller's United States taxpayer identification number.

(f) Seller shall deliver to Purchaser a certificate certifying all of Seller's representations and warranties as contained herein are true and correct in all material respects as of the Closing in the form and substance annexed hereto as Exhibit G.

(g) Seller shall deliver to Purchaser such evidence (which may take the form of a Manager's Certificate) as may be reasonably required by Purchaser evidencing the status and capacity of Seller and the authority of persons executing the various documents on behalf of Seller in connection with this Agreement.

(h) Seller shall deliver such standard form affidavits and indemnities as the Title Company may reasonably require in order to omit from the Title Policy exceptions for (i) parties in possession and (ii) mechanic's liens.

(i) Seller shall deliver to Purchaser an Estoppel Certificate (the "Tenant Estoppel") from the Tenant, dated no earlier than thirty (30) days prior to the Closing Date, in substantially the form attached hereto as Exhibit H containing no information which, in Purchaser's reasonable judgment, represents a material and adverse deviation from the status of the Lease previously disclosed to Purchaser in the

during the Inspection Period. Said Exhibit H contains a form of confirmation of guaranty to be signed by State Street Corporation. Seller shall submit Exhibit H to the Tenant in such form, but the Tenant Estoppel shall nevertheless comply with the requirement of such subparagraph (i) notwithstanding the failure or refusal of State Street Corporation to execute such confirmation.

(j) Seller shall deliver all other books and records of Seller, including tenant lease files, pertaining in a material way to the operation and management of the Premises, to Nordblom Management Company, Inc, as managing agent for the Purchaser.

(k) Seller shall deliver to Purchaser evidence that all existing agreements between Seller and Nordic Properties, Inc. and Nordblom Property Management Company, Inc. have been terminated.

4.6 The following deliveries shall be made by Purchaser at Closing:

(a) Purchaser shall pay to Seller the Purchase Price provided for in Section 3 above, net of the Deposit, as adjusted for apportionments provided for in Section 5 below, and Purchaser shall instruct the Escrow Agent shall pay over at Closing the Deposit to Seller.

(b) Purchaser shall deliver to Seller two executed and acknowledged counterparts of the Lease Assignment.

(c) Purchaser shall deliver to Seller two executed counterparts of the General Instrument of Transfer.

(d) Purchaser shall deliver to Seller a certificate signed by a corporate officer certifying all of Purchaser's representations and warranties as contained herein are true and correct in all material respects as of the Closing substantially in the form annexed hereto as Exhibit I.

(e) Purchaser shall enter into a Property Management Agreement with Nordblom Property Management Company, Inc. in the form annexed hereto as Exhibit J.

5. Apportionments.

The following are to be apportioned as of the Closing Date in accordance with local custom, with said date being a day of income and expense to Purchaser:

5.1 Taxes and sewer rents, if any, on the basis of the fiscal year for which assessed. If the Closing Date shall occur before the real property tax rate for such fiscal year is fixed, the apportionment of taxes shall be made on the basis of the taxes assessed for the preceding fiscal year. After the real property taxes are finally fixed for the fiscal year in which the Closing Date occurs, Seller and Purchaser shall make a recalculation of the apportionment of such taxes, and Seller or Purchaser, as the case may be, shall make an appropriate payment to the other based on such recalculation. To the extent Seller has undertaken to obtain any real estate tax abatement, the amount of the net proceeds of such tax abatement shall be prorated through the Closing Date, if, as and when such proceeds are paid by the applicable governmental taxing authority. All expenses, taxes, fees, and charges of every type relating to the Premises and accruing for any period prior to the Closing shall be paid promptly by Seller except to the extent that Purchaser received credit therefor at the Closing.

5.2 Intentionally Omitted

5.3 Final readings on all utilities, including gas, water and electric meters shall be made as of the Closing, if possible. If final readings are not possible, gas, water and electricity charges will be prorated based on the most recent period for which costs are available. Any deposits made by Seller with utility companies shall be returned to Seller. Purchaser shall be responsible for making all arrangements for the continuation of utility services.

5.4 Prepaid rent, collected base rent and additional rent in the nature of operating expense recoveries and tax reimbursements, if any, under the Lease shall be prorated as of the Closing Date. Rents collected from the Tenant after the Closing Date shall be deemed to apply first to current rental due at the time of payment and second to the rentals, if any, which were delinquent on the Closing Date. Unpaid and delinquent rents, to which Seller is entitled, shall be turned over to Seller if collected by Purchaser within twelve (12) months of the Closing, less any

reasonable collection costs actually incurred by Purchaser. Purchaser agrees to use good faith efforts to attempt to collect such rents. In the event that any additional rent or the calculation thereof is subject to adjustment pursuant to the terms and provisions of the Lease (e.g., year-end adjustments to escalation charges and the like), Purchaser shall make adjustment with the Tenant, either by refund to or collection from the Tenant, as the case may be, and shall re-prorate with Seller based upon such adjustment.

5.5 Seller shall have the right to discharge, from out of the Closing proceeds, any lien capable of being discharged by the payment of an ascertainable sum, including without limitation the Voluntary Encumbrances, in which event Purchaser shall receive a credit at the Closing in an amount equal to the total sum of money required to discharge said lien or liens, as evidenced either by a written payoff statement or by other evidence satisfactory to the Title Company.

5.6 The provisions of this Section 5 shall survive the Closing.

6. Brokerage Commissions.

6.1 Purchaser represents and warrants that Purchaser has not dealt with any broker in connection with the purchase of the Premises except New England Realty Resources, Inc. and The First Fidelity Companies (the "Brokers"). Purchaser will indemnify and hold harmless Seller from and against any and all claims, loss, liability, cost, and expense (including reasonable attorney's fees) resulting from any claim that may be made against Seller by any broker or other person claiming a commission, fee, or other compensation by reason of this transaction other than the Brokers if the same shall arise by or on account of any act of Purchaser or Purchaser's representatives. Seller represents and warrants that Seller has not dealt with any broker in connection with the sale of the Premises to Purchaser except the Brokers, whose compensation in the amount of $442,000 Seller shall pay under a separate arrangement with the Brokers. Seller will indemnify and hold harmless Purchaser from and against any and all claims, loss, liability, cost, and expense (including reasonable attorney's fees) resulting from any claim that may be made against Purchaser by any broker claiming a commission, fee, or other compensation by reason of this transaction, if the same shall arise by or on account of any act of Seller or Seller's representatives.

6.2 The representations made by Seller and Purchaser in Section 6.1 shall survive the Closing.

7. Warranties and Representations.

7.1 Seller represents and warrants that:

(a) Seller has no actual knowledge of, and has not received any notice of, any threatened or pending condemnation or inverse condemnation

proceedings affecting the Premises, or of proceedings to change the zoning of the Premises;

(b) The reports listed on Exhibit K, full, correct and complete copies of all of which have been or will be delivered to Purchaser during the Inspection Period, are all of

the reports in Seller's or Seller's property manager's possession which relate to the investigation of the Premises for the presence of Hazardous Materials. To the best knowledge of Seller, there are no hazardous wastes, petroleum products, pollutants, asbestos, asbestos containing materials, or other hazardous substances located in, upon or beneath the Premises.

(c) All written materials (including, without limitation, the Leases) which Seller has delivered or shall deliver to Purchaser pursuant this Agreement are and shall be complete in all material respects.

(d) On the Closing Date there will be no contracts, agreements or understandings, oral or written, with any person made by or on behalf of Seller relating to the operation, maintenance or management of the Premises except (i) the Leases, (ii) the Service Contracts, a complete list of which is attached hereto as Exhibit L, (iii) terms and conditions of any licenses and permits required by any zoning or environmental laws, and the applications therefor, (iv) the Permitted Exceptions, and (v) any other agreements delivered by Seller to Purchaser during the Inspection Period. All of the Service Contracts are terminable at will without further liability upon not more than 30 days' prior written notice.

(e) As of the Closing, no lease other than the Leases shall effect the Premises, and there are no options, purchase contracts or other agreements, written or oral, whereby any person could claim a right, title or interest in the Premises or any portion thereof by or through Seller;

(f) There are no unpaid claims respecting work ordered by Seller which could give rise to any mechanic's, materialmen's or statutory lien against the Premises;

(g) Seller has received no written notice or citation from (1) any federal, state, county or municipal authority alleging any fire, health, safety, building pollution, environmental, zoning or other violation of any law, regulation, permit, order or directive in respect of the Premises or any part thereof, which has not been entirely corrected, or (2) from any insurance company or bonding company of any defects or inadequacies in the Premises or any part thereof, which would adversely affect the insurability of the same or of any termination or threatened termination of any policy of insurance or bond;

(h) Seller does not directly employ any employees who work at the Premises. Neither Seller nor the manager of the Premises employ any union employees, nor do Seller or manager employ anyone covered by a collective bargaining or similar agreement.

(i) No person is entitled to any leasing commission in connection with the Lease or the extension or renewal of any Lease or in connection with the exercise by the Tenant of any extension option contained in the Lease. Neither the Seller nor the Premises is subject to any "protection list" or similar obligation with respect to the

future leasing of the Premises.

(j) Seller is, and on the Closing Date shall be, a limited liability company duly and validly organized, existing and in good standing under, and governed by the laws of the State of Delaware and duly qualified to do business in the Commonwealth of Massachusetts, and Seller has all requisite power and authority to own and operate its properties and to carry on its business as now conducted and to enter into and perform this Agreement and to carry out the transactions contemplated hereby.

(k) Performance of this Agreement will not result in a breach of, constitute a default under, or result in the imposition of a lien or encumbrance upon the Premises under any agreement instrument, covenant, or restriction by which Seller or the Premises might be bound, and Seller is not prohibited from consummating the transactions contemplated herein by any law or regulation, agreement, instrument, restriction, order or judgment.

(l) There are no attachments, executions, assignments for the benefit of creditors, relationships, conservatorships or voluntary or involuntary proceedings in bankruptcy or pursuant to any other debtor relief law contemplated or filed by Seller or pending against Seller or the Premises.

(m) To the best knowledge of Seller, there are no defaults under any covenants encumbering the Premises or any instrument, restriction, judgment, law, or regulation affecting the Premises; nor has any event occurred which with the giving of notice or the passage of time, or both, could constitute such a default.

(n) There is no outstanding, or, to the best knowledge of Seller, threatened litigation, claims or proceedings before any court, commission, agency or other administrative authority which could affect Seller's title to the Premises or Seller's ability to consummate the transaction contemplated by this Agreement.

(o) With respect to the Lease: (a) no rent has been paid more than thirty (30) days in advance, (b) to the Seller's knowledge, neither Seller nor the Tenant is in default in the performance of any material covenant, agreement or condition contained in the Lease; (c) Seller has not received written notice from the Tenant regarding pending or threatened offsets against rent or for any other monetary or material claim against Seller which has not been fully resolved; (d) no rent concessions have been created which are not disclosed in the Lease and (e) the "Allowance" payable to the Tenant under the Lease which has not been advanced as of the date of this Agreement is $2,112,012.

7.2 The representations and warranties made by Seller in Section 7.1 are true and correct as of the date of this Agreement, and shall be true and correct and deemed repeated as of the Closing. Said representations or warranties shall survive consummation of the transaction contemplated by this Agreement and shall continue in full force and effect without limitation and

shall be binding upon and inure to the benefit of the parties hereto, their successors in interest and assigns for a period of one (1) year after the Closing (the "Representation Period"); provided, however, that the representation made in subparagraph 7.1(i) shall survive indefinitely and the representation made in subparagraph 7.1(o) with respect to the Lease shall not survive the Closing if and to the extent the matters covered therein are covered in the Tenant Estoppel.

7.3 Purchaser represents and warrants that:

(a) Purchaser is a corporation duly organized and existing under the laws of the State of Georgia and if required will qualify to transact business in the Commonwealth of Massachusetts on or before Closing, and Purchaser has all requisite power and authority to own and operate its properties and to carry on its business as now conducted and to enter into and perform this Agreement and to carry out the transactions contemplated hereby.

(b) To Purchaser's knowledge, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any governmental authority on the part of Purchaser is required in connection with the execution and delivery of this Agreement or its purchase of the Premises.

7.4 The representations and warranties made by Purchaser in Section 7.3 are true and correct as of the date of this Agreement, and shall be true and correct and deemed repeated as of the Closing. Said representations or warranties shall survive consummation of the transaction contemplated by this Agreement and shall continue in full force and effect for the Representation Period.

8. Merger of All Prior Understandings; Premises to be Accepted "AS IS".

It is understood and agreed that all understandings and agreements heretofore had between Seller and Purchaser with respect to the subject matter of this Agreement and the transaction contemplated herein, including without limitation the Letter of Intent dated June 4, 2001, between Purchaser and Seller, are merged in this Agreement, which alone fully and completely expresses their agreement, neither party relying upon any statement or representation, not embodied in this Agreement, made by the other. Except as otherwise expressly provided in this Agreement, Purchaser agrees (i) to accept the Premises on the basis of Purchaser's own investigation of the Premises, (ii) that the Premises will be acquired by the Purchaser "AS IS" on the date of this Agreement; (iii) that Purchaser assumes the risk that adverse physical conditions may not be or may not have been revealed by its own investigations or by Seller; (iv) that Seller has made no express or implied representations or warranties of any kind in connection with any matter relating to the present or future physical condition, value, profitability, presence/absence of hazardous materials, financing status, leasing, operation, use, tax status, income and expenses or any other matter or thing pertaining to the Premises; and (v) that Seller has made no express or implied representations or warranties of any kind except as otherwise expressly set forth in this Agreement. Seller shall not be liable for or bound by any verbal or written statements, representations, real estate broker's "setups" or information pertaining to the Premises furnished by any real estate broker, agent, employee, servant or any other person, including without

limitation the Brokers, unless the same are specifically set forth in this Agreement.

Acceptance of the deed hereunder shall be deemed full performance of Seller's obligations, except for those matters that expressly survive the Closing, and for those matters set forth in any of Seller's Deliveries. The provisions of this Section 8 shall survive the Closing.

9. No Oral Change; Assignment

This Agreement may not be changed or terminated orally. The stipulations aforesaid are to apply to and bind the legal representatives, successors, and assigns, of the respective parties. Purchaser shall not have the right to assign this Agreement without the written consent of Seller.

10. Closing Expenses.

10.1 Seller's Costs. Seller shall pay, in addition to its apportionments,

the cost of its legal counsel as well as all applicable documentary stamps in connection with the recording of the deed, and other costs and expenses which are customarily borne by a seller of Premises in Quincy, Massachusetts.

10.2 Purchaser's Costs. Purchaser shall pay, in addition to its apportionments, the cost of its legal counsel, accountants, engineers, architects, and advisors and all other cost associated with its investigation of the Premises during the Inspection Period, plus the cost, if applicable, of the Title Commitment and the title insurance policy issued pursuant thereto, and other costs and expenses which are customarily borne by a purchaser of Premises in Quincy, Massachusetts.

11. Notices.

All notices, demands, consents, requests, or other communications provided for or permitted to be given hereunder by a party hereto must be in writing and shall be deemed to have been properly given or served on the day of delivery, if delivered by hand or courier service or by telecopy, telefax or other telecommunications device capable of creating a written record (confirmed by mail), or, if mailed, on the date of receipt or rejection as evidenced by the green receipt card if deposited in the United States mail addressed to such party by registered or certified mail, postage prepaid, return receipt requested, at the following addresses

11.1 If to Seller:

Crownview LLC
c/o Nordic Properties, Inc.
Attn: Mr. Ogden Hunnewell, President
15 Third Avenue
Burlington, Massachusetts 01803
Telephone - (617) 272-4000
FAX: (617) 270-0359

with a copy to

Rubin and Rudman
Attn: Myrna Putziger, Esquire
50 Rowes Wharf
Boston, Massachusetts 02110
Telephone - (617) 330-7000
FAX: (617) 439-9556

11.2 If to Purchaser:

Wells Capital, Inc.
Attn: Michael Berndt, Chief Investment Officer
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Telephone - (770) 200-8127
FAX: (770) 200-8199

with a copy to

O'Callaghan & Stumm LLP
Attn: William L. O'Callaghan, Esq.
127 Peachtree Street NE, Suite 1330
Atlanta, Georgia 30303
Telephone - (404) 522-2002
FAX: (404) 522-3080

Any such addresses for the giving of notices may be changed by either party by giving written notice as provided above to the other party.

12. Governing Law.

This Agreement shall be construed, interpreted, and enforced in accordance with the laws of the Commonwealth of Massachusetts.

13. Recording.

This Agreement may not be recorded.

14. Default.

14.1 By Seller. In the event of a default by Seller hereunder, the sole and exclusive remedy of Purchaser shall be to either (i) seek specific performance of Seller's obligation hereunder in a court of competent jurisdiction, or (ii) terminate this Agreement and receive back the Deposit plus any accrued interest and the parties shall thereafter have no further rights or

obligations pursuant to this Agreement except for those matters that expressly survive such termination. The parties agree that Purchaser's actual damages would be difficult or impossible to determine if Seller defaults and the ownership of the Premises has a unique value to Purchaser which is not adequately capable of being compensated through the payment of damages, so that it is specifically acknowledged and agreed that Purchaser shall be entitled to the remedy of specific performance in connection with any such default, in the event Purchaser elect to pursue such remedy. Notwithstanding anything in this Agreement to the contrary, if Seller is unable to meet the requirements of Section 4.5(f) or (i), Purchaser's sole remedies shall be either to waive such requirements and proceed to acquire the Premises without deduction to the Purchase Price or to terminate the Agreement pursuant to Section 14.1(ii) above. Notwithstanding the foregoing, (i) Seller shall use commercially reasonable efforts to satisfy the conditions of this Agreement, and, (ii) the foregoing shall not limit Seller's obligation to discharge or cure Voluntary Encumbrances, and Seller shall authorize the Title Company to pay such amounts from proceeds otherwise due Seller at Closing.

14.2 By Purchaser. In the event of a default by Purchaser hereunder, the sole and exclusive remedy of Seller shall be to terminate this Agreement, in which event Seller may retain the Deposit plus any accrued interest as liquidated damages (and not as a penalty), and the parties shall thereafter have no further rights or obligations pursuant to this Agreement except for those matters that expressly survive such termination. The parties agree that it would be extremely difficult or impossible to ascertain the actual damages which would be suffered by Seller if Purchaser fails to perform its obligations under this Agreement, and that the Deposit is the best estimate of the amount of damages Seller would suffer.

15. Risk of Loss; condemnation.

15.1 (a) The risk of loss or damage to the Premises by fire, accident, act of God, calamity or otherwise ("Casualty") until the delivery of the deed is retained by Seller. Seller agrees to furnish Purchaser with notice of any such occurrence forthwith upon the happening thereof (a "Casualty Notice").

(b) In the event the Premises is "substantially damaged," as defined in the Lease, as a result of a Casualty, Seller may terminate this Agreement by written notice given to the Purchaser within thirty (30) days of the date Seller gives notice to Purchaser of any such Casualty (and the Closing shall be extended to the extent necessary to provide such thirty (30) day period), whereupon the Escrow Agent shall immediately repay the Deposit plus any accrued interest to Purchaser and the parties shall thereafter have no further rights or obligations pursuant to this Agreement except for those matters that expressly survive such termination.

(c) Unless terminated by Seller as provided in Section 15.1(b) above, in the event the Premises is "substantially damaged," as defined in the

Lease, as a result of a Casualty and such damage results in the election of the Tenant to terminate the Lease, Seller shall give notice to Purchaser of such election by the Tenant within ten (10) days after receipt by Seller of notice thereof. Purchaser may terminate this Agreement by notice given to Seller within ten (10) days of the date of such notice from Seller (and the Closing shall be extended to the extent necessary to provide for the time periods for the Tenant's election and the two ten-day periods

provided herein).

15.2 If this Agreement is not terminated by Seller or Purchaser as provided in Section 15.1, it shall remain in full force and effect and the parties shall proceed to Closing without any reduction in the Purchase Price except as specifically provided below. At the Closing, Seller shall assign to Purchaser, without recourse, all insurance proceeds arising from the casualty (to the extent not applied to any restoration relating thereto), together with a credit against the Purchase Price equal to the deductible amount under the applicable insurance policy.

15.3 Seller will notify Purchaser immediately upon obtaining knowledge of any proceedings for a condemnation that affects the Premises. Purchaser may participate in such proceedings, and Seller shall from time to time deliver to Purchaser all instruments reasonably requested by it to permit such participation. In the event of the institution of any proceedings for condemnation of the Premises, Purchaser may terminate this Agreement by notice given to Seller within thirty (30) days of the date Seller gives notice to Purchaser of such condemnation (and the Closing shall be extended to the extent necessary to provide such thirty (30) day period), whereupon the Escrow Agent shall immediately repay the Deposit plus any accrued interest to Purchaser and the parties shall thereafter have no further rights or obligations pursuant to this Agreement except for those matters that expressly survive such termination. If Purchaser does not terminate this Agreement, Seller shall pay over or assign to Purchaser all awards recovered or recoverable on account of such condemnation, and Purchaser shall take title to the Premises, subject to such condemnation and without reduction in the Purchase Price.

16. No Option.

The submission of this Agreement to Purchaser shall not be construed to vest in Purchaser an option to purchase or any reservation of the Premises. Purchaser shall have no right or interest hereunder until such time as this Agreement has been fully executed by Seller and Purchaser.

17. Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the Seller and Purchaser hereto and their respective heirs, personal representatives, successors, and assigns. Purchaser shall have the right to assign this Agreement to an affiliate of Purchaser, provided that Purchaser shall not thereby be relieved from any liability under this Agreement.

18. Further Assurances.

Seller and Purchaser each agree to execute any and all documents and take such further actions as may be reasonably necessary to effectuate the purposes of this Agreement.

19. Inspection Period.

19.1 Purchaser may until July 18, 2001 (the "Inspection Period"), at Purchaser's expense, (i) perform all engineering studies and soil tests and borings on the Premises to

determine the Premises' physical condition, (ii) perform all environmental auditing, engineering and testing on the Premises as Purchaser shall reasonably require to satisfy Purchaser that no unacceptable environmental condition exists on the Premises, (iii) satisfy itself as to the location of utilities and utility connection fees which may be necessary for Purchaser's intended use of the Premises, (iv) conduct all other reviews and inspections which Purchaser deems reasonably necessary to determine the Premises' suitability for Purchaser's proposed use, including without limitation consultation with governmental authorities having jurisdiction over the Premises. To facilitate Purchaser's investigation, Seller agrees to promptly after the execution of this Agreement to make available to Purchaser all property information in Seller's possession respecting the Premises, including, but not limited to, contracts, engineering reports, environmental reports, building plans, documents, permits, and relevant municipal correspondence. Following any invasive testing or inspection, Purchaser shall promptly restore the Premises to their same condition as prior to such testing or inspection.

19.2 Seller hereby gives to Purchaser and its duly authorized agents, contractors and/or representatives the right of access to the Premises during the Inspection Period for the purpose of conducting such inspections, tests, studies and other investigations. Prior to any such entry, Purchaser shall provide Seller with a certificate of insurance in the amount reasonably satisfactory to Seller in order to secure the indemnification provided for hereafter. In addition, Seller shall be named an additional insured with respect to any such policies of insurance. Any such entry shall be on reasonable notice to Seller, shall be made in the presence of Seller or Seller's agent, and shall be made in such a manner as to minimize interference with the Tenant's use and occupancy of the Premises.

19.3 Purchaser covenants and agrees to defend, indemnify and hold Seller harmless from and against any and all liens, claims, charges, costs, suits, damages, injuries or other liabilities whatsoever including, without limitation, reasonable attorneys fees, which may arise, directly or indirectly from or as a consequence of the actions by Purchaser, its agents, employees or contractors on the Premises prior to the Closing. Purchaser agrees to hold in confidence (except as required by law) any information or data relating to the Premises obtained by Purchaser, including, but not limited to, information and data obtained by Purchaser through testing and inspections, and any information furnished by Seller. Such covenant of confidentiality shall not prohibit Purchaser from disclosing the existence of this Agreement and the transactions contemplated hereby, and any information or data relating to the Premises obtained by Purchaser, to any partners, underwriters, employees, lenders, accountants or legal counsel of any of the foregoing, or to leasing brokers or potential tenants of all or any portion of the Premises, or to any governmental authority as contemplated by Section 19.1 hereof. The provisions of this Section 19.3 shall survive the termination of this Agreement.

19.4 At any time during the Inspection Period, Purchaser shall have the right to terminate this Agreement for any reason or for no reason by delivering written notice thereof to Seller on or before the last day of the Inspection Period, and upon any such termination, neither party shall have any further rights or obligations hereunder except those obligations that expressly survive such termination, and the Escrow Agent shall return the Deposit plus all accrued interest thereon to Purchaser. The failure of Purchaser to notify Seller in writing prior to the end of the Inspection Period of Purchaser's desire to terminate this Agreement shall

constitute a waiver of any unsatisfied conditions and of Purchaser's right to terminate this Agreement, except for Seller's default. In the event that Purchaser terminates this Agreement pursuant to this provision of this Section, Purchaser shall return to Seller all information and data relating to the Premises furnished by Seller to Purchaser.

19.5 If this Agreement is not terminated during the Inspection Period,

Seller agrees that during the interval between the end of the Inspection Period and the Closing Date, Seller shall:

(a) make no changes in the condition of title to the Premises;

(b) continue to operate, maintain and insure the Premises consistent with the present business and operations thereof, normal wear and tear and casualty excepted, it being the intention of the parties hereto that the general operations of the Premises shall not be changed between the date hereof and the Closing Date; and

(c) not modify, amend, renew, extend or terminate the Lease.

20. Miscellaneous.

20.1 Captions and Headings. This Section and/or section headings and the arrangement of this Agreement are for the convenience of the parties hereto and do not in any way affect, limit, amplify or modify the terms and provisions hereof.

20.2 Singular, Plural, etc. Wherever herein the singular number is used the same shall include the plural and the masculine gender shall include the feminine and neuter genders and vice versa as the context shall require.

20.3 Counterparts. This Agreement may be executed in several counterparts, which shall constitute one and the same instrument.

20.4 Partial Invalidity. If any provision of this Agreement shall be declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provisions had not been contained herein.

20.5 Exhibits. Each of the exhibits annexed to this Agreement constitute an integral part hereof.

20.6 Time. When the last day for the performance of any act permitted or required hereunder falls on any day which is not a business day in the City of Boston, Massachusetts, such act may be performed on the next business day in said city. Time is of the essence of each and every provision of this Agreement.

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

SELLER:

CROWNVIEW LLC
By: Nordic Holdings III LLC

By: /s/ Peter C. Nordblom

Peter C. Nordblom. Manager

By: /s/ Ogden Hunnewell

Ogden Hunnewell, Manager

PURCHASER:

WELLS CAPITAL, INC.

By: /s/ Leo F. Wells, III

Name: Leo F. Wells, III
Title: President
Hereunto duly authorized

List of Exhibits

A Description of the Land
B Form of Escrow Agreement
C Form of Quitclaim Deed
D Lease Assignment
E General Instrument
F Non-Foreign Certificate
G Seller's Bring-Down Certificate
H Form of Tenant Estoppel
I Purchaser's Bring-Down Certificate
J Form of Property Management Agreement
K Environmental Reports
L Service and Maintenance Contracts

Exhibit A

Description of the Land

The land with the buildings thereon situated in Quincy, Norfolk County, Massachusetts and shown as Lot 13 on a plan entitled "Crown Colony Place, Quincy, MA, Subdivision Plan" dated March 29, 1988 by H. W. Moore Associates, Inc., Engineers and Planners, Boston, MA ("Lot 13" and the "Plan" respectively) recorded with Norfolk County Registry of Deeds ("Deeds") as Plan No. 530 of 1988 in Plan Book 368.

Beginning at a point on the Southwesterly side of Crown Colony Drive, being the Northerly corner of said Lot 13 and thence running.

Southeasterly and Easterly by Crown Colony Drive by a line curving to the left having a radius of 645.00 feet, a distance of 647.03 feet; thence turning and running

South 00 degrees 51' 42" East 19.46 feet; thence continuing

Southeasterly and Easterly by a line turning to the left having a radius of 385.00 feet, a distance of 221.09 feet; thence continuing

South 33 degrees 45' 52" East 324.95 feet; thence turning and running

South 67 degrees 32' 52" West 234.04 feet; thence turning and running

North 75 degrees 21' 07" West 88.44 feet; thence turning and running

North 26 degrees 42' 08" West 93.47 feet; thence turning and running

North 49 degrees 49' 37" West 79.83 feet; thence continuing

North 74 degrees 25' 51" West 135.99 feet; thence continuing

North 74 degrees 12' 41" West 150.68 feet; thence continuing

North 53 degrees 41' 24" West 284.55 feet; thence turning and running

North 86 degrees 03' 17" West 66.86 feet; thence continuing

South 63 degrees 43' 53" West 69.14 feet; thence turning and running

North 45 degrees 00' 00" West 91.92 feet; thence turning and running

North 05 degrees 44' 20" East 229.44 feet; thence turning and running

North 50 degrees 46' 37" East 411.62 feet to the point of beginning, the last fifteen course being

by Lot 1 as shown on the Plan.

Said Lot 13 being a subdivision of Lot 1 as shown on a plan entitled "Subdivision Plan of Land 'Crown Colony Place' Quincy, MA" dated May 18, 1987 by Harry R. Feldman, Inc. recorded as Plan No. 53 of 1988 in Plan Book 3654.

Appurtenant Rights

All the rights and easements for the benefit of Owners in Crown Colony Place set forth in a Declaration of Covenants, Restrictions, Development Standard and Easements ("Declaration of Covenants") for Crown Colony Place by Crown Colony Realty Corp., as Trustee of Presidents' Plaza Realty Trust dated October 10, 1986 recorded in Book 7281, Page 352 and filed as Document No. 503941, as amended by First Amendment to Declaration of Covenants, Restrictions, Development Standards and Easements dated October 30, 1987 recorded in Book 7864, Page 493 and filed as Document No. 538949, as amended by Second Amendment to Declaration of Covenants, Restrictions, Development Standards and Easements dated as of February 4, 1988 recorded in Book 7978, Page 368 and filed as Document No. 545752, as amended by Succession Developer under Declaration of Covenants, Restrictions, Development Standards and Easements dated January 21, 1988 and recorded in Book 7864, Page 501 and filed as Document No. 538953 and as modified by Easement Relocation Instrument dated May 26, 1988, recorded in Book 7978, Page 466 and filed as Document No. 545753 as affected by Design Review Decision dated May 26, 1988, recorded May 27, 1989 in Book 7978, Page 443, as affected by Confirmation of Easement Locations dated June 9, 1988 and filed as Document No. 550330 and recorded in Book 8066, Page 271 as amended by Third Amendment to Declaration of Covenants, Restrictions, Development Standards and Easements dated July 11, 1988 filed as Document No. 550331 and recorded in Book 8066, Page 279 as affected by a Certificate of Compliance dated September 21, 1989 recorded October 5, 1989 in Book 8451, Page 543 and as further affected by an Estoppel Certificate dated as of September 21, 1989 recorded October 5, 1989 in Book 8451, Page 541 as amended by Fourth Amendment to Declaration of Covenants, Restrictions, Development Standards and Easement dated June 29, 1989, recorded October 5, 1989 in Book 8451, Page 423 and filed as Document No. 575918, and as amended by Fifth Amendment to Declaration of Covenants Restrictions Development Standards and Easements dated as of September 21, 1989 recorded October 5, 1989 in Book 8451, Page 430 and filed as Document No. 575919.

The right, in common with Quincy One Associates Limited Partnership, and its successors and assigns, to lay, construct, reconstruct, repair, replace, operate, maintain, install and use water and sewer pipes, electric and telephone utility lines, and other utility lines or pipes, underground within the are shown on the Plan as "Utility Easement Area = 2,457 S.F. = .056 AC.", as set forth in a deed from Quincy One Associates Limited Partnership to Edward A. Fish, et als, dated May 26, 1988 recorded with said Deeds on May 27, 1988 as Instrument No. 42521 Book 7978 Page 376.

Rights reserved for the benefit of "Grantor's Other Land" in deed dated March 5, 1985 from Crown Colony Realty Corp. as Trustee of President's Plaza Realty Trust to K. Prescott Low, as Trustee of Low Realty Trust, recorded in Book 6633, Page 320 and filed as Document No.

464286.

Rights granted in deed from K. Prescott Low, as Trustee of Low Realty Trust, to Crown Colony Realty Corp., as Trustee of President's Plaza Realty Trust dated March 5, 1985 recorded in Book 6633, Page 310.

Easements granted in an Easement Agreement between Quincy One Associates Limited Partnership and 1200 Crown Colony Limited Partnership, dated June 19, 1991 recorded in Book 8961, Page 515.

All other rights and easements which may be appurtenant to Lot 13.

EXHIBIT 10.89

LEASE FOR STATE STREET BUILDING

1200 CROWN COLONY DRIVE

L E A S E

ARTICLE 1

Reference Data

1.1 Subject Referred To

Each reference in this Lease to any of the following subjects shall be construed to incorporate the data stated for that subject in this Section 1.1.

Date of this Lease:	November 30, 2000
Building:	The seven (7) story building containing 234,668 rentable square feet of floor area (the "Rentable Floor Area of the Building").
Premises:	The building and the parcel of land on which the Building is situated, located at 1200 Crown Colony Drive, Quincy, Massachusetts in the park commonly known as Crown Colony Place (the "Park"), such parcel of land being described in Exhibit A hereto (called the "Land") and the Premises being shown on Exhibit A-1 attached hereto.
Landlord:	Crownview LLC
Original Notice Address of Landlord:	c/o Nordblom Management Company, Inc. 15 Third Avenue Burlington, Massachusetts 01803
Tenant:	SSB Realty LLC, a Delaware limited liability company
Original Notice Address of Tenant:	1200 Crown Colony Drive Quincy, Massachusetts
Expiration Date:	March 31, 2011
Commencement Date:	The Date of this Lease
Rent Commencement Date:	February 1, 2001
Annual	Fixed Rent Rate: $3,421,852.50 from the Rent Commencement Date through March 31, 2001; $6,922,706.00 from April 1, 2001 through the end of the 3rd lease year (as hereinafter

		defined); $7,274,708.00 during the 4th through 6th lease years; and $7,861,378.00 during the 7th lease year through the Expiration Date.
	Monthly	Fixed Rent Rate: $285,154.37 from the Rent Commencement Date through March 31, 2001; $576,892.16 from April 1, 2001 through the end of the 3rd lease year (as hereinafter defined); $606,225.66 during the 4th through 6th lease years; and $655,114.83 during the 7th lease year through the Expiration Date.
	Base Operating Costs:	$1,173,340.00
	Base Taxes:	$880,005.00
	Tenant's Percentage:	The total Rentable Floor Area of the Building, which is 100%
	Permitted Uses:	General business offices and such other uses as are customarily incidental thereto.
	Guarantor:	State Street Corporation
	Public Liability Insurance Limits:	
	Commercial General Liability:	$3,000,000 per occurrence $5,000,000 general aggregate

1.2 Exhibits.

The Exhibits listed below in this section are incorporated in this Lease by reference and are to be construed as a part of this Lease.

EXHIBIT A	Legal Description
EXHIBIT A-1	Plan showing the Premises
EXHIBIT B	HVAC Specifications

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ARTICLE 2

Premises and Term

2.1 Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, the Premises, including the exclusive right to use the roof of the Building for the installation, operation, repair and replacement of telecommunications equipment, in accordance with subsection 6.2.5. Tenant shall have, as appurtenant to the Premises, the right to use all of the parking spaces in the existing parking area serving the Building.

2.2 Term. TO HAVE AND TO HOLD for a term (the "original term") beginning on the Commencement Date and ending on the Expiration Date, unless sooner terminated as hereinafter provided.

The term "lease year" as used herein shall mean a period of twelve (12) consecutive full calendar months. The first lease year shall begin on the Rent Commencement Date, and each succeeding lease year shall commence upon the anniversary of the Rent Commencement Date.

2.3 Extension Option. Provided that as of the date of the notice specified below, Tenant is not in default and has not previously been in monetary default of its obligations under this Lease beyond any applicable grace period during the twelve-month period prior to such notice, Tenant shall have the right to extend the term of this Lease for one additional period of five (5) years, to begin immediately upon the expiration of the original term of this Lease (the "extended term"). All of the terms, covenants and provisions of this Lease shall apply to such extended term except that (i) the Annual Fixed Rent Rate for such extension period shall be the market rate at the commencement of such extended term and (ii) the Base Operating Costs and the Base Taxes shall be adjusted to reflect the actual Operating Costs and Taxes for the preceding calendar year. If Tenant shall elect to exercise the aforesaid option, it shall do so by giving Landlord notice in writing of its intention to do so not later than fourteen (14) months prior to the expiration of the original term of this Lease. If Tenant gives such notice, the extension of this Lease shall be automatically effected without the execution of any additional documents. The original term and the extended term are hereinafter collectively called the "term".

Within fifteen (15) days following receipt of Tenant's extension notice (but no earlier than fourteen (14) months prior to the expiration of the original term), Landlord shall give notice to Tenant setting forth Landlord's determination of the market rate. Within fifteen (15) days following receipt of Landlord's notice Tenant shall either propose its determination of the market rate by giving notice thereof to Landlord or shall accept Landlord's determination. Failure on the part of Tenant to give such notice of its determination shall bind Tenant to Landlord's determination. If Tenant proposes its determination of the market rate, then Landlord and Tenant shall meet for the purpose of reaching agreement. If the parties have been unable to reach agreement

within fifteen (15) days following Tenant's notice to Landlord of its determination, then, within fifteen (15) days thereafter, Tenant shall either revoke its exercise of the aforesaid option by giving notice thereof to Landlord (in which case such exercise shall be rendered ineffective and the right of extension shall expire and be of no further force and effect), or shall call for arbitration. If Tenant calls for arbitration, then the dispute as to the market rate shall be submitted to arbitration as set forth below.

Market rate shall be determined as of the beginning of the extended term at the then current arms-length negotiated rentals being charged to new (or renewal tenants for renewals and extensions which do not have pre-negotiated contract rents) for comparable office space in comparable buildings located in the Quincy/Braintree area, taking into account and giving effect to, in determining compatibility, without limitation, such considerations as size, location, lease term and amenities. The arbitrator shall also consider and incorporate into the computation, on a net effective rent basis, the then existing inducements and allowances customarily being offered to tenants seeking similar office space for comparable terms in comparable buildings in the Quincy/Braintree market area.

In any event, the Annual Fixed Rent Rate for the extended term shall not be less than the Annual Fixed Rent Rate in effect immediately prior to such extended term.

2.3.1 Arbitration. A. If Tenant shall make a call for arbitration, it
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shall notify Landlord in writing, specifying the name and address of the arbitrator selected to act on its behalf. The arbitrator shall be a real estate appraiser or broker with at least ten (10) years' experience in the field and familiar with the Quincy/Braintree area office market. Any arbitrator who is an appraiser shall be a qualified member of the American Institute of Real Estate Appraisers, or any successor of such Institute (or if such organization or successor shall not longer be in existence, a recognized national association or institute of land appraisers) familiar with the fair market rent of first-class commercial office space in the Quincy/Braintree area. Failure on the part of Tenant to make a timely and proper demand for such appraisal shall constitute a waiver of the right thereto. Within ten (10) business days after Tenant's notice of demand for arbitration, Landlord shall give notice to Tenant, specifying the name and address of the person designated by Landlord to act on its behalf who shall be similarly qualified. If Landlord fails to notify Tenant within such 10-day period, then the arbitrator appointed by Tenant shall be the sole arbitrator to determine the issue.

B. In the event that two arbitrators are chosen pursuant to paragraph A above, the arbitrators so chosen shall meet within ten (10) business days after the second arbitrator is appointed and, if within ten (10) business days after such first meeting the two arbitrators shall be unable to agree upon a determination of market rate, they shall appoint a third arbitrator, who shall be a competent and impartial person with the same minimum qualifications and experience as is required of the first two arbitrators. In the event they are unable to agree upon such appointment within five (5) business days after expiration of said 10-day period, the third arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of ten (10) business days. If the parties do not so agree, then either party, on behalf of both, may request appointment of such a qualified person by an officer of the American Arbitration Association in Boston, Massachusetts. The three arbitrators shall decide the dispute, if it has not previously been resolved, by following the procedure set forth below. The arbitrators shall not have the right to modify any provision of this Lease other

than the Annual Fixed Rent Rate.

C. Where the issue cannot be resolved by agreement of the two arbitrators selected by Landlord and Tenant or settlement between the parties during the course of the appraisal process, the issue shall be resolved by the three arbitrators in accordance with the following procedure. Within twenty (20) days after the third arbitrator has been selected, each arbitrator shall state in writing his determination of the market rate, supported by the reasons therefor, with counterpart copies to each party. The arbitrators shall arrange for a

simultaneous exchange of such proposed determinations. The market rate shall be the mean of the three appraisals; provided, however, if an appraisal deviates from the mean by more than 10%, such deviant appraisal shall be discarded and market rate shall be, if there is one deviant appraisal, the mean of the two appraisals remaining, or, if there are two deviant appraisals, the one appraisal remaining.

D. All such determinations of market rate shall be final and binding upon the parties. The provision for determination by appraisal shall be specifically enforceable to the extent such remedies are available under the applicable law, and any determination hereunder shall be final and binding upon the parties hereto, and either party shall have the right to enter judgment thereon, unless otherwise provided by applicable law. If a determination of market rate is to be made pursuant to this Section 2.3.1, Landlord and Tenant shall each pay for the fees and disbursements of any arbitrator appointed by it and shall share equally in the fees and expenses of any third arbitrators.

ARTICLE 3

Condition; Tenant's Work

3.1 Condition of Premises; Tenant's Work. The Premises are leased to Tenant in "as-is" condition, without any obligation by Landlord to construct or prepare the Premises for Tenant's use or occupancy, and without any representations or warranties by Landlord as to the condition or suitability of the Premises for Tenant's use, except as otherwise specifically set forth in Section 10.9 below. Tenant shall perform all work (the "Tenant's Work") which is necessary or desirable to prepare the Premises for Tenant's use and occupancy. During the performance of the Tenant's Work, Tenant shall not be obligated to pay Fixed Rent to Landlord unless the Rent Commencement Date has occurred. However, Tenant shall reimburse Landlord for its actual costs in connection with the Tenant's Work, including the cost of electrical usage during construction in excess of the normal kilowatt/hour usage at the Building during the most recent billing period in which the Building was vacant, additional janitorial services and trash removal. All Tenant's Work shall be performed by and at the expense of Tenant in accordance with all applicable laws and in accordance with and subject to the applicable provisions of this Lease, including, without limitation, Section 6.2.5. The architectural, electrical and mechanical construction drawings, plans and specifications (called "plans") necessary to perform the Tenant's Work shall be Tenant's sole responsibility and at its expense, and shall be submitted to Landlord for its approval. Landlord shall approve or disapprove in writing the initial submission of any plans within fifteen (15) business days of receipt thereof, and any revisions thereof within ten (10) business

days of receipt of revisions, as the case may be, failing which, such plans shall be deemed approved. If any of such plans are disapproved by Landlord, Landlord shall provide Tenant with specific reasons for such disapproval and the foregoing submission process shall be repeated until all plans have been approved by Landlord. Landlord's approval in each instance shall not be unreasonably withheld, conditioned or delayed for any plans (i) which do not involve or affect any structural or exterior element of the Building or any portion thereof, or (ii) which do not materially and adversely affect the value of the Building or any portion thereof, or (iii) which do not materially adversely affect the proper functioning of the Building systems or other facilities, or (iv) which will not change the character of the exterior or interior architectural design of the Building. Tenant's Work may include removal of some or all of the Existing Cafeteria Equipment (defined in Section 10.13) if Tenant so elects, provided, however, that simultaneously with its submission to Landlord of the plans for the Tenant's Work, Tenant shall identify in writing those components of the Existing Cafeteria Equipment that Tenant intends to so remove and shall request in writing that Landlord advise Tenant whether such equipment, if removed, must be replaced at the end of term. If Landlord does not notify Tenant that the equipment identified by Tenant will have to be replaced at the end of the term, then Landlord shall have no right thereafter to request replacement of such equipment at the expiration or earlier termination of this Lease.

3.2 Allowance. Landlord shall pay to Tenant an allowance of up to $2,112,012.00 (the "Allowance") towards the cost of the Tenant's Work (including the design fees of Tenant's architects and engineers). Payments shall be made to Tenant no more frequently than monthly and when and as Landlord receives waivers of lien from all contractors and subcontractors to the extent required by Landlord's lender, invoices from contractors, subcontractors and suppliers, and other reasonable documentation evidencing the costs, including fees of architects and engineers, incurred by Tenant for the Tenant's Work, to the reasonable satisfaction of Landlord. Landlord shall, within twenty (20) days of a requisition therefor, pay to Tenant the amount of each such requisition. Such payments, in the aggregate, shall not exceed the Allowance. Landlord shall make final payment to Tenant within thirty (30) days following the submission by Tenant of a written statement from Tenant's architect or engineer that the Tenant's Work has been completed in accordance with the approved plans, a final lien waiver executed by Tenant's general contractor and a final certificate of occupancy for the Premises. If Landlord fails to pay Tenant any portion of the Allowance properly payable by Landlord to Tenant under this Section 3.2 and such failure continues for thirty (30) days after written notice thereof from Tenant to Landlord and any holder of a mortgage of which Tenant has been given notice, then Tenant shall have the right to set-off the amount thereof, together with interest at the Interest Rate (defined in Section 8.4 hereof), against the rent next payable by Tenant hereunder until the aggregate amount so set-off by Tenant shall equal the amount due from Landlord.

ARTICLE 4

Rent

4.1 The Fixed Rent. Commencing on the Rent Commencement Date, Tenant covenants and agrees to pay rent to Landlord at the Original Address of Landlord or at such other place or to such other person or entity as Landlord may by notice in writing to Tenant from time to time direct, at the Annual Fixed Rent Rate, in equal installments at the Monthly Fixed Rent Rate (which is 1/12th of the Annual Fixed Rent Rate), in advance, on the first day of each calendar month included in the term.

4.2 Additional Rent. Tenant covenants and agrees to pay, as Additional Rent, insurance costs, utility charges, personal property taxes and its pro rata share of increases in real estate taxes and operating costs with respect to the Premises as provided in this Section 4.2 as follows:

4.2.1 Real Estate Taxes. If Taxes (as hereinafter defined) for any Tax Year during the term shall exceed Base Taxes, Tenant shall reimburse Landlord, as additional rent, for Tenant's Percentage of such excess (such amount hereinafter referred to as "Tax Excess"). Tenant shall remit payments to Landlord on account of Tax Excess on a quarterly basis as hereinafter set forth. Landlord shall deliver copies of all tax bills to Tenant promptly upon Landlord's receipt of the same from the City of Quincy, together with a written notification setting forth Landlord's manner of computation of Tax Excess. Tenant shall remit to Landlord, at least ten (10) days prior to the date within a Tax Year that any Taxes become due and payable (but in any event no earlier than twenty (20) days following Landlord's written notice to Tenant specifying Tax Excess as aforesaid), a sum equal to the Tax Excess, as reasonably calculated by Landlord from time to time on the basis of the most recent tax data available. If the total of such remittances for any Tax Year is greater than the actual Tax Excess for such Tax Year, Landlord shall promptly pay to Tenant, or credit against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.1, the difference; if the total of such remittances is less than the actual Tax Excess for such Tax Year, Tenant shall pay the difference to Landlord within ten (10) days following a written notice thereof.

If, after Tenant shall have made reimbursement to Landlord pursuant to this subsection 4.2.1, Landlord shall receive a refund of any portion of Taxes paid by Tenant with respect to any Tax Year during the term hereof as a result of an abatement of such Taxes by legal proceedings, settlement or otherwise (without Landlord having any obligation to

undertake any such proceedings), Landlord shall promptly pay to Tenant, or if first approved by Tenant, credit against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.1, the Tenant's Percentage of the refund (less the proportional, pro rata expenses, including attorneys' fees and appraisers' fees, incurred in connection with obtaining any such refund), as relates to Tax Excess paid by Tenant to Landlord with respect to any Tax Year for which such refund is obtained. Provided Landlord is not prosecuting an abatement with respect thereto, Tenant may prosecute appropriate proceedings for abatement or reduction of any tax with respect to which Tenant is required to make payments as hereinbefore provided, and Tenant agrees to save Landlord harmless from all costs and expenses incurred on account of Tenant's participation in such proceedings. Landlord shall cooperate with Tenant with respect to such proceedings so far as reasonably necessary. Any abatement or reduction effected by such proceedings shall accrue to the benefit of Tenant and Landlord and such other parties as their interests may appear according to their respective contributions to the taxes involved in any such proceedings. Whichever party brings the abatement proceedings shall institute and prosecute them diligently. Neither Tenant nor Landlord shall settle,

compromise or discontinue the abatement proceedings without the consent of the other unless such party gives the other notice thereof and a reasonable opportunity to assume prosecution.

In the event this Lease shall commence, or shall end (by reason of expiration of the term or earlier termination pursuant to the provisions hereof), on any date other than the first or last day of the Tax Year, or should the Tax Year or period of assessment of real estate taxes be changed or be more or less than one (1) year, as the case may be, then the amount of Tax Excess which may be payable by Tenant as provided in this subsection 4.2.1 shall be appropriately apportioned and adjusted.

The term "Taxes" shall mean all taxes, assessments, betterments and other charges and impositions (including, but not limited to, fire protection service fees and similar charges) levied, assessed or imposed at any time during the term by any governmental authority upon or against the Premises, or taxes in lieu thereof, and additional types of taxes to supplement real estate taxes due to legal limits imposed thereon. If, at any time during the term of this Lease, any tax or excise on rents or other taxes, however described, are levied or assessed against Landlord with respect to the rent reserved hereunder, either wholly or partially in substitution for, or in addition to, real estate taxes assessed or levied on the Premises, such tax or excise on rents shall be included in Taxes but only to the extent applicable to owners of real estate generally and provided any such tax or excise on rents shall be calculated as if the Premises were the only property owned by Landlord; however, Taxes shall not include franchise, estate, inheritance, succession, capital levy, transfer, income or excess profits taxes assessed on Landlord. Taxes shall include any estimated payment made by Landlord on account of a fiscal tax period for which the actual and final amount of taxes for such period has not been determined by the governmental authority as of the date of any such estimated payment.

4.2.2 Personal Property Taxes. Tenant shall pay all taxes charged, assessed or imposed upon the personal property of Tenant in or upon the Premises.

4.2.3 Operating Costs. If, during the term hereof, Operating Costs as hereinafter defined) incurred by Landlord in any calendar year shall exceed Base Operating Costs, Tenant shall reimburse Landlord, as additional rent, for Tenant's Percentage of any such excess (such amount being hereinafter referred to as the "Operating Costs Excess"). Tenant shall remit to Landlord, on the first day of each calendar month, estimated payments on account of Operating Costs Excess, such monthly amounts to be sufficient to provide Landlord, by the end of the calendar year, a sum equal to the Operating Costs Excess, as reasonably estimated by Landlord from time to time based on the actual Operating Costs for the preceding calendar year; provided, however, if Landlord desires to charge Tenant amounts in excess of the actual costs for the prior calendar year, Landlord shall furnish Tenant with reasonable back-up documentation to support such increase. If, at the expiration of the year in respect of which monthly installments of Operating Costs Excess shall have been made as aforesaid, the total of such monthly remittances is greater than the actual Operating Costs Excess for such year, Landlord shall, at Tenant's election if the refund exceeds 10% of the actual Operating Costs Excess, promptly pay to Tenant, or credit

against the next accruing payments to be made by Tenant pursuant to this subsection 4.2.3, the difference; if the total of such remittances is less than the Operating Costs Excess for such year, Tenant shall pay the difference to Landlord within twenty (20) days from the date Landlord shall furnish to Tenant an itemized statement of the Operating Costs Excess (called the "Landlord's Statement"), prepared, allocated and computed in accordance with generally accepted accounting principles. Landlord shall use reasonable efforts to furnish the Landlord's Statement within ninety (90) days after the end of the calendar year in question, provided, however the failure to furnish the same within such 90-day period shall not constitute a waiver of Landlord's right to furnish the same thereafter. Each Landlord's Statement for a calendar year shall be accompanied by a computation of the Operating Costs Excess for the Premises in reasonable detail showing a breakdown among line items. The computation of any Common Expenses (defined below) shall be broken down in reasonable detail if a breakdown of the same has been afforded Landlord by the board of managers of the Park. Upon Tenant's request therefor, Landlord will provide Tenant with such back-up documentation relating to Operating Costs as Tenant shall reasonably request. Landlord's books and records and back-up documentation relating to Operating Costs shall be kept by Landlord for at least three (3) years following the end of the calendar year in question. Tenant shall have the right, upon reasonable notice and during business hours, to examine, at Landlord's office, within six (6) months following Tenant's receipt of the Landlord's Statement, Landlord's books and records respecting such Landlord's Statement. If it is determined that an error has been made, appropriate adjustment will be made by Landlord and paid to Tenant with interest at the Interest Rate, and if the amount of any such adjustment is equal to or greater than five (5%) percent of the amount indicated in Landlord's Statement, then Landlord shall reimburse Tenant for the reasonable cost of Tenant's audit. Any reimbursement for Operating Costs due and payable by Tenant with respect to periods of less than twelve (12) months shall be equitably prorated. Landlord's books and records regarding Operating Expenses shall be kept in accordance with generally accepted accounting principles as applicable to the real estate industry and consistently maintained from year to year.

The term "Operating Costs" shall mean all costs and expenses reasonably and actually incurred for the operation, cleaning, maintenance, repair and upkeep of the Premises consistent with first-class office buildings in the suburban Boston area, including, without limitation, all costs of snow removal, landscaping and grounds maintenance, maintenance (including repaving and restriping) and repair of parking lots, including maintenance and repair of any parking garage constructed on the Land by or on behalf of Tenant pursuant to subsection 6.2.8, sidewalks, walkways, access roads and driveways at the Premises, security, operation and repair of heating and air-conditioning equipment, elevators, lighting and any other Building equipment or systems and of all repairs and replacements (other than repairs or replacements for which Landlord has received full reimbursement or for which Tenant is paying an annual charge-off pursuant to the last paragraph of this section) necessary to keep the Premises in good working order, repair, appearance and condition; all costs, including material and equipment costs, for cleaning and janitorial services to the Building (including window cleaning of the Building); all costs of any reasonable insurance carried by Landlord relating to the Premises (which shall not exceed in coverage and amount for Special Form Property Insurance carried for comparable properties within the

suburban Boston area); all costs related to provision of heat (including oil, electric, steam and/or gas), air-conditioning, water (including sewer charges), electricity and other utilities to the Premises (other than electricity for Tenant's lights, outlets and fan-powered boxes for which Tenant is separately check metered); payments under all service contracts relating to the foregoing; all costs of the Premises' allocable share of Common Expenses for the Park; all compensation, fringe benefits, payroll taxes and workmen's compensation insurance premiums related thereto with respect to any employees of Landlord or its affiliates engaged in security and maintenance of the Premises equitably allocated to the Premises if such employees perform services at other buildings and properties owned by Landlord; attorneys' fees and disbursements (exclusive of any such fees and disbursements incurred in tax abatement proceedings) and auditing and other professional fees and expenses incurred in connection with the operation and management of the Property; costs and expenses resulting from a migration of hazardous materials from properties in the vicinity of the Premises (including attorney's fees and costs of testing and remediation, but less any amounts recovered by Landlord from the responsible party); and a management fee equal to 2.50% of the Fixed Rent.

The term "Common Expenses" as used herein shall mean all costs and expenses incurred by the Park board of managers and charged to Landlord from time to time pursuant to the Park Covenants (hereinafter defined) to manage, operate, inspect, maintain, repair and replace the roads, utility lines, drainage systems and easement areas of the Park which serve the Premises in common with other premises in the Park, and all other costs referred to as Common Expenses in that Declaration of Covenants, Restrictions, Development Standards and Easements dated October 10, 1986 by Crown Colony Realty Corp., as Trustee of Presidents' Plaza Realty Trust recorded with Norfolk Registry of Deeds in Book 7281, Page 352 and filed in Norfolk County Registry District of the Land Court as Document No. 503941, as the same may be amended of record (as amended, "Park Covenants"), a copy of which has been delivered to Tenant herewith. The Premises' allocable share of Common Expenses attributable thereto shall be determined and calculated in accordance with the Park Covenants. Landlord shall consult with Tenant prior to any vote of building owners regarding an upcoming special assessment for the Park.

There shall not be included in such Operating Costs brokerage fees (including rental fees) related to the operation of the Building; interest and depreciation charges incurred on the Premises; expenditures made by Tenant with respect to (i) cleaning, maintenance and upkeep of the Premises, and (ii) the provision of electricity to the Premises; salaries of executives above the grade of building or asset manager; expenditures for capital improvements or capital equipment, except as specifically authorized in the next paragraph below; cost of repairs or replacements incurred by reason of fire or other casualty or condemnation, to the extent of proceeds of insurance or a taking award received by Landlord; depreciation and amortization of the Building; payment of principal, interest or other charges on indebtedness of Landlord; brokerage fees or commissions and other costs incurred to lease space in the Building (including advertising, public relations expenses, marketing, legal and accounting expenses); rental payments incurred to lease any equipment or other item which is considered to be capital in nature; costs to cure

violations of building codes and environmental laws, unless such costs arise out of Tenant's use of the Premises, and costs to remove or remediate hazardous or toxic substances which constitute a breach of Landlord's warranty or which are released during the Term solely by Landlord or any of Landlord's agents, employees or contractors; any ground lease or air rights rental and related costs; penalties and interest incurred as a result of Landlord's negligence or inability or unwillingness to make tax payments when due; Operating Costs which are reimbursed to Landlord by third parties, such as through insurance or any other sources; costs for decoration and works of art; contributions to employee pension plans; contributions to charitable or civic organizations in excess of the amounts thereof charged to tenants by owners of comparable buildings in the Quincy/Braintree area; costs attributable to ownership of the Building, including Landlord's general office overhead and legal, accounting and other consulting fees properly includable as general and administrative expenses; costs incurred to bring the Building in conformity with laws and requirements in effect prior to the Commencement Date; any cost representing an amount paid to any person, firm, corporation or other entity related to or affiliated with Landlord, which amount is in excess of the amount which would have been paid in the absence of such relationship for comparable work or services; the Allowance. The foregoing exclusions shall not apply to the extent the costs and expenses at issue arise out of the Tenant's use of the Premises or work performed in the Premises by or on behalf of Tenant.

If, during the term of this Lease, Landlord shall replace any capital items or make any capital expenditures which (a) are intended to reduce Operating Costs or (b) are required to comply with laws enacted after the date of this Lease or (c) are required to replace worn-out items as may be necessary to maintain the Building in good working order, repair, appearance and in first-class condition, and not to enhance the Building over and above its current appearance and condition (but the annual charge-off in this category (c) in any calendar year shall not exceed $1.75 times the Rentable Floor Area of the Building, with the $1.75 figure increased at the beginning of each calendar year by the percentage increase in the Consumer Price Index-All Urban Consumers, All Items, 1984, Boston, MA during the previous calendar year) (the items in clauses (a), (b) and (c) are collectively called "capital expenditures"), the total amount of which is not properly included in Operating Costs for the calendar year in which they were made, there shall nevertheless be included in Operating Costs for each calendar year in which and after such capital expenditure is made the annual charge-off of such capital expenditure. (Annual charge-off shall be determined by (i) dividing the original cost of the capital expenditure by the number of years of the reasonably contemplated useful life thereof; and (ii) adding to such quotient an interest factor computed on the unamortized balance of such capital expenditure based upon an interest rate reasonably determined by Landlord as being the interest rate then being charged for long-term mortgages by institutional lenders on like properties within the locality in which the Building is located, provided that the annual charge-off included in Operating Costs for items intended to reduce Operating Costs for any calendar year shall not exceed the amount of savings in Operating Costs actually realized thereby in such calendar year.) If in any calendar year, Common Expenses for the Park include a special assessment that exceeds $1.50 times the Rentable Floor Area of the Building, Landlord shall amortize the cost thereof on an annual charge-off basis, determined in the same manner for determining the annual charge-off for

capital expenditures as specified in the immediately preceding parenthetical sentence, and Operating Costs for each calendar year in which and after such assessment is made shall only include such annual charge-off.

4.2.4 Insurance. Tenant shall, at its expense, as Additional Rent, take out and maintain throughout the term the following insurance protecting Landlord:

4.2.4.1 Commercial general liability insurance naming Landlord, Tenant, and Landlord's managing agent and any mortgagee of which Tenant has been given notice as insureds or additional insureds and indemnifying the parties so named against all claims and demands for death or any injury to person or damage to property which may be claimed to have occurred on the Premises in amounts which shall, at the beginning of the term, be at least equal to the limits set forth in Section 1.1, and, which, from time to time during the term, shall be for such higher limits, if any, as are customarily carried in the area in which the Premises are located on property similar to the Premises and used for similar purposes; and workmen's compensation insurance with statutory limits covering all of Tenant's employees working on the Premises.

4.2.4.2 Fire insurance with the usual extended coverage endorsements covering all Tenant's furniture, furnishings, fixtures, equipment, all improvements located within the Building including those installed as part of Tenant's Work, and any parking garage constructed on the Land by Tenant. Tenant may elect to self-insure some or all of its furniture, equipment and personal property under a program of self-insurance reasonably satisfactory to Landlord.

4.2.4.3 All such policies shall be obtained from responsible companies qualified to do business and in good standing in Massachusetts, which companies and the amount of insurance allocated thereto shall be subject to Landlord's approval. Tenant agrees to furnish Landlord with certificates evidencing all such insurance prior to the beginning of the term hereof and evidencing renewal thereof at least thirty (30) days prior to the expiration of any such policy. Each such policy shall be non-cancelable with respect to the interest of Landlord without at least ten (10) days' prior written notice thereto. Such insurance may be carried under a blanket policy covering the Premises and other locations of Tenant, if any, or by means of an umbrella policy, or by a combination of both. In the event provision for any such insurance is to be by a blanket or umbrella insurance policy, or both, the policy shall allocate a specific and sufficient amount of coverage to the Premises.

4.2.4.4 All insurance which is carried by either party with respect to the Building, Premises or to furniture, furnishings, fixtures, or equipment therein or alterations or improvements thereto, whether or not required, shall include provisions which either designate the other party as one of the insured or deny to the insurer acquisition by subrogation of rights of recovery against the other party to the extent such rights have been waived by the insured party prior to occurrence of loss or injury, insofar as, and to the extent that, such provisions may be

effective without making it impossible to obtain insurance coverage from responsible companies qualified to do business in the state in which the Premises are located (even though extra premium may result therefrom). In the event that extra premium is payable by either party as a result of this provision, the other party shall reimburse the party paying such premium the amount of such extra premium. If at the request of one party, this non-subrogation provision is waived, then the obligation of reimbursement shall cease for such period of time as such waiver shall be effective, but nothing contained in this subsection shall derogate from or otherwise affect releases elsewhere herein contained of either party for claims. Each party shall be entitled to have certificates of any policies containing such provisions. Each party hereby waives all rights of recovery against the other for loss or injury against which the waiving party is protected by insurance containing said provisions or for which such party self-insures, reserving, however, any rights with respect to any excess of loss or injury over the amount recovered by such insurance. Neither Landlord nor Tenant shall acquire as insured under any insurance carried by the other party on the Premises any right to participate in the adjustment of loss or to receive insurance proceeds and each agrees upon request from the other party promptly to endorse and deliver to the other any checks or other instruments in payment of loss in which Landlord or Tenant is named as payee.

4.2.5 Utilities. Tenant shall pay to Landlord all charges for electricity supplied by Landlord and separately chece metered (which shall include electricity for lights, outlets and fan-powered boxes), charges for telephone and other utilities or services not supplied by Landlord pursuant to Subsections 5.1.1, 5.1.2 and 5.1.3, whether designated as a charge, tax, assessment, fee or otherwise, all such charges to be paid as the same from time to time become due. Except as otherwise provided in Article 5, it is understood and agreed that Tenant shall make its own arrangements for the installation or provision of all such utilities and that Landlord shall be under no obligation to furnish any utilities to the Premises and shall not be liable for any interruption or failure in the supply of any such utilities to the Premises. All other charges for electrical usage at the Premises (other than electricity for lights, outlets and fan-powered boxes as aforesaid), shall be paid for by Tenant as part of Operating Costs.

4.3 Late Payment of Rent. If any installment of rent is paid more than fifteen (15) days after the date the same was due, and if on a prior occasion in the twelve (12) month period prior to the date such installment was due an installment of rent was paid after the same was due, then Tenant shall pay Landlord a late payment fee equal to one and one-half (1.5%) percent of the overdue payment.

ARTICLE 5

Landlord's Covenants

5.1 Affirmative Covenants. Landlord covenants with Tenant:

5.1.1 Heat and Air-Conditioning. To furnish to the Premises heat and air-conditioning (reserving the right, at any time, to change energy or heat sources) by means of a fan-powered box system sufficient to maintain the Premises at comfortable temperatures (subject to all federal, state, and local regulations relating to the provision of heat), on Mondays through Fridays during the hours of 7:30 a.m. to 6:30 p.m. and on Saturdays from 9:00 a.m. to 1:00 p.m. (called "Normal Business Hours"), except on such holidays on which the New York Stock Exchange is closed. The design criteria for the heating, ventilating and air conditioning systems serving the Premises are set forth in the HVAC Specifications attached hereto as Exhibit B. If Tenant shall require heat or air-conditioning outside Normal Business Hours, Landlord shall, upon the request of Tenant received at least 24 hours prior to the time such additional air conditioning or heat is required, furnish such service or cause such service to be furnished and Tenant shall pay, as Additional Rent, such charges as may from time to time be established by Landlord and be in effect to cover Landlord's costs of providing such service.

5.1.1.1 Supplemental Cooling Units. As of the date of this Lease, the Building contains two supplemental cooling units connected to the Supplemental Generator (defined below): (i) an eight-ton unit in the 6th floor computer room serviced by 450 amp electrical service at 120/208 volts, and (ii) a fifteen-ton unit in the 2nd floor computer room serviced by 100 amp electrical service at 277/480 volts. The supplemental cooling units are collectively referred to herein as the "Supplemental Cooling Units."

5.1.2 Electricity. To furnish to the Premises, separately metered by check meter and at the direct expense of Tenant as hereinabove provided, reasonable electricity for Tenant's Permitted Uses. The Building electrical capacity is 14 watts per square foot of rentable floor area, up to 7 watts of which shall be available for Tenant's electrical panels (which includes power for lights, outlets and fan-powered boxes). If Tenant shall require electricity in excess of such quantities for Tenant's Permitted Uses and if (i) in Landlord's reasonable judgment, Landlord's facilities are inadequate for such excess requirements, or (ii) such excess use shall result in an additional burden on the Building utilities systems and additional cost to Landlord on account thereof, as the case may be, (a) Tenant shall, upon demand, reimburse Landlord for such additional cost, as aforesaid, or (b) Landlord, upon written request, and at the sole cost and expense of Tenant, will furnish and install such additional wire, conduits, feeders, switchboards and appurtenances as reasonably may be required to supply such additional requirements of Tenant (if electricity therefor is then available to Landlord), provided that the same shall be permitted by applicable laws and insurance regulations and shall not cause permanent damage or injury to the Building or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations or repairs. Landlord will permit the electrical risers, feeders and wiring in the Building to be used by Tenant as necessary to permit Tenant to receive electrical

energy from the electrical service provider of Tenant's choice, subject to any requirements and use charges or fees of the existing electrical service provider for the Building.

5.1.2.1 Back-up Generators. As of the date of this Lease, the Building contains two generators served by a 4,000 gallon diesel tank: (i) a 400 kilowatt generator providing back-up power to the fire pump, smoke control, fire alarm system and elevators (the "Essential Services Generator"), and (ii) a 500 kilowatt generator providing back-up power to the computer rooms on the second and sixth floors (the "Supplemental Generator"). Landlord will permit the Supplemental Generator to be used by Tenant as necessary, and Tenant shall have the right to upgrade the Supplemental Generator, at its sole cost and expense, subject to and in accordance with the provisions of Section 6.2.5 below relating to the approval of plans and the performance of the work in connection therewith, or replace the Supplemental Generator with the Additional Generator pursuant to Section 6.2.5.2 below.

5.1.3 Cleaning; Water. To provide cleaning to the Building in accordance with cleaning and janitorial standards generally prevailing throughout the term hereof in comparable office buildings within the municipality in which the Building is located; and to furnish water for ordinary cleaning, lavatory and toilet facilities.

5.1.4 Elevator; Fire Alarm. To furnish passenger and freight elevator service during Normal Business Hours, and after Normal Business Hours to keep at least one passenger elevator on call except in the event of an emergency or any other cause beyond Landlord's control; and to maintain fire alarm and life safety systems within the Building.

5.1.5 Repairs. Except as otherwise expressly provided herein, to make such repairs and replacements to the Premises (including replacing burned out light bulbs) and to the roof, exterior walls, floor slabs and other structural components of the Building, and to the plumbing, electrical, heating, ventilating and air-conditioning systems of the Building and to the Essential Services Generator as may be necessary to properly maintain them in good repair and condition and to maintain the first-class status of the Building, and to keep them in compliance with all applicable laws (exclusive of the

Supplemental Generator, the Supplemental Cooling Units and equipment and other generators installed by Tenant and except for those repairs required to be made by Tenant pursuant to Sections 6.1.3, 6.2.5.1 and 6.2.5.2 hereof). Notwithstanding anything to the contrary contained herein, Tenant shall not be responsible for the cost of any repairs required to correct violations of laws in effect prior to the Commencement Date, unless compliance is required on account of Tenant's particular use of the Premises or any work performed in the Premises by or on behalf of Tenant. Landlord's repair obligations with respect to the heating, ventilating and air-conditioning systems of the Building (exclusive of any heating, ventilating and air-conditioning systems or equipment

installed by Tenant) shall include, without limitation, regular cleaning and maintenance of the ducts and outside components thereof. At Tenant's request, Landlord shall perform reasonable periodic upgrades to all heating, ventilating and air-conditioning systems and equipment as recommended by ASHRAE from time to time, and Tenant shall pay the costs of such upgrades to Landlord as additional rent.

5.1.6 Landlord's Insurance. To take out and maintain throughout the term all-risk casualty insurance in an amount equal to 100% of the replacement cost of the Building and the improvements therein, including "Special Form Property Insurance" for utilities services - time element, rent insurance, ordinances and laws coverage and boiler/pressure vessel coverage.

5.1.7 Landscaping, Snow Removal; Grounds Maintenance. To provide landscaping and grounds maintenance as necessary to keep the Premises in first-class condition consistent with other properties in the area; and to treat ice and cause snow to be removed from the parking area serving the Building and the sidewalks, driveways and loading area on the Premises; and to repave and restripe the parking area and maintain and replace the outdoor lighting therein as and when reasonably necessary.

5.1.8 Building Maintenance Person. A full-time maintenance person shall be available during Normal Business Hours to serve the Premises as needed.

5.2 Interruption. A. Landlord shall be under no responsibility or liability for failure or interruption of any of the above-described services, repairs or replacements caused by breakage, accident, strikes, repairs, inability to obtain supplies, labor or materials, or for any other causes beyond the control of the Landlord, and in no event for any indirect or consequential damages to Tenant; and failure or omission on the part of the Landlord to furnish any of same for any of the reasons set forth in this paragraph shall not be construed as an eviction of Tenant, actual or constructive, nor render the Landlord liable in damages, nor release Tenant from prompt fulfillment of any of its covenants under this Lease. However, in each instance of interruption or failure, Landlord shall use diligence to eliminate the cause thereof. Landlord agrees to provide Tenant with reasonable advance notice of any scheduled cessation or interruption of services.

B. If Tenant's ability to conduct business at the Premises is materially adversely affected for a period of three (3) consecutive days by reason of the failure of Landlord to furnish any of the above described services, then Tenant shall have the right to an equitable abatement of Fixed Rent and Additional Rent equal to the proceeds of insurance recovered and paid to Landlord for rental loss from the date such services (or any of them) ceased until such time as they are restored to their level prior to interruption. Landlord shall file a claim against the rental loss provision of its insurance policy promptly after notification from Tenant that it is entitled to the abatement provided hereby. In any event, Landlord shall not be entitled to retain an amount of (i) rent from Tenant plus (ii) insurance proceeds for rental loss which is in excess of the amount of Fixed Rent and Additional Rent that would have been payable during the period of interruption absent an abatement.

5.3 Access. Tenant shall have access to the Building twenty-four (24) hours per day, seven (7) days per week, fifty-two (52) weeks per year, subject to Landlord's security measures that may be in place from time to time. Tenant shall be responsible for installing, maintaining,

repairing and operating, all at its sole expense, a security system (the "Tenant's Security System") to provide access to the Building after Normal Business Hours.

5.4 Union Labor. All work to be performed and services to be provided under this Article 5 shall be performed or provided by union labor during any period in which Tenant is performing any construction or alterations, including the Tenant's Work; but at all other times, non-union labor may be used if Landlord and Tenant reasonably agree that it is appropriate for a particular trade, function or service.

5.5 Tenant's Rights With Respect To Management and Services. With respect to the obligations under this Article 5, except for subsection 5.2, if Tenant, in its reasonable judgment, determines that Landlord, its agents or its building manager are not performing any such obligations adequately, then Tenant shall have the right to notify Landlord in writing of its dissatisfaction, together with the basis therefor, and Landlord shall promptly take appropriate steps to correct and eliminate such problems within thirty (30) days after receipt of Tenant's notice, provided, however, Landlord's failure or inability to correct or eliminate any problems within such 30-day period shall not be deemed a default by Landlord if Landlord is using reasonable efforts to address Tenant's concerns. Tenant shall have the right to propose vendors to perform and supply any services and materials which are to be provided under this Article 5, and Landlord shall give reasonable consideration to such proposals by Tenant, provided, however, either party shall have the right to object to a particular vendor. In any event, Landlord and Tenant shall work together to select the most appropriate vendor for a particular service or material. Tenant shall only be afforded the aforesaid rights to object to management and the provision of services and to propose vendors and materials on the condition that (i) Tenant is not then in default of its obligations under this Lease beyond any applicable cure period, and (ii) the original named Tenant hereunder, or a Permitted Transferee, shall then be occupying no less than fifty (50%) percent of the Premises.

ARTICLE 6

Tenant's Additional Covenants

6.1 Affirmative Covenants. Tenant covenants at all times during the term and for such further time (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:

6.1.1 Perform Obligations. To perform promptly all of the obligations of Tenant set forth in this Lease; and to pay when due the Fixed Rent and Additional Rent and all charges, rates and other sums which by the terms of this Lease are to be paid by Tenant.

6.1.2 Use. To use the Premises only for the Permitted Uses, and from time to time to procure all licenses and permits necessary therefor, at Tenant's sole expense. With respect to any licenses or permits for which Tenant may apply relating to Tenant's use of the Premises or any work performed by or on behalf of Tenant therein (including the Tenant's Work), pursuant to this subsection 6.1.2 or any other provision hereof, Tenant shall furnish Landlord copies of applications on or before their submission to the governmental authority.

6.1.3 Repair and Maintenance. To maintain the Premises in neat order and condition, and to perform all routine and ordinary repairs to any plumbing, heating, electrical, ventilating and air-conditioning systems of the Building installed by Tenant, including repairs to the Supplemental Cooling Unit, the Supplemental Generator and any other generator installed pursuant to Section 6.2.5.2 and other equipment installed by Tenant (including equipment installed by Tenant pursuant to Sections 6.2.5.1 and 6.2.5.2) such as are necessary to keep them in good working order, appearance and condition, as the case may require, reasonable use and wear thereof and damage by fire or by casualty only excepted; to keep all glass in windows and

doors of the Building (except glass in the exterior walls of the Building) whole and in good condition with glass of the same quality as that injured or broken; and to make as and when needed as a result of misuse by, or neglect or improper conduct of Tenant or Tenant's servants, employees, agents, invitees or licensees or otherwise, all repairs necessary, which repairs and replacements shall be in quality and class equal to the original work. Tenant shall also, at its expense, perform all repairs and maintenance to the cafeteria equipment now or hereafter installed in the Premises, whether such equipment is deemed "Existing Cafeteria Equipment" or "Tenant's Cafeteria Equipment" by the terms of Section 10.13 of this Lease. (Landlord, upon default of Tenant beyond the expiration of the applicable notice and cure periods hereunder [except in emergencies where immediate action may be taken], may elect, at the expense of Tenant, to perform all such cleaning and maintenance and to make any such repairs or to repair any damage or injury to the Building or the Premises caused by moving property of Tenant in or out of the Building, or by installation or removal of furniture or other property, or by misuse by, or neglect, or improper conduct of, Tenant or Tenant's servants, employees, agents, contractors, customers, patrons, invitees, or licensees.)

6.1.4 Compliance with Law. To make all repairs, alterations, additions or replacements to the Building required by any law or ordinance or any order or regulation of any public authority on account of the Tenant's particular use of the Building or any work performed therein or on the Premises by or on behalf of Tenant; to keep the Building equipped with all safety appliances so required; and to comply with the orders and regulations of all governmental authorities with respect to zoning, building, fire, health and other codes, regulations, ordinances or laws applicable to the Premises, except that Tenant may defer compliance so long as the validity of any such law, ordinance, order or regulations shall be contested by Tenant in good faith and by appropriate legal proceedings, if Tenant first gives Landlord appropriate assurance or security against any loss, cost or expense on account thereof. Notwithstanding the foregoing, in no event shall Tenant be required to make any capital improvements required by laws applicable to office buildings generally as opposed to those required on account of work done by or on behalf of Tenant or Tenant's particular use of the Building.

6.1.5 Indemnification. A. To save harmless, exonerate and indemnify Landlord, its agents (including, without limitation,

Landlord's managing agent) and employees (such agents and employees being referred to collectively as the "Landlord Related Parties") from and against any and all claims, liabilities or penalties asserted by or on behalf of any person, firm, corporation or public authority on account of injury, death, damage or loss to person or property in or upon the Premises arising out of the use or occupancy of the Premises by Tenant or by any person claiming by, through or under Tenant (including, without limitation, all patrons, employees and customers of Tenant), or arising out of the use of the roof of the Building by Tenant, its agents, contractors, assignees and subtenants, for the installation, maintenance, repair and operation of telecommunications equipment, or arising out of any delivery to or service supplied to the Premises, or on account of or based upon anything whatsoever done on the Premises, except if the same was caused by the negligence, fault or misconduct of Landlord or the Landlord Related Parties. In respect of all of the foregoing, Tenant shall indemnify Landlord and the Landlord Related Parties from and against all costs, expenses (including reasonable attorneys' fees), and liabilities incurred in or in connection with any such claim, action or proceeding brought thereon; and, in case of any action or proceeding brought against Landlord or the Landlord Related Parties by reason of any such claim, Tenant, upon notice from Landlord and at Tenant's expense, shall resist or defend such action or proceeding and employ counsel therefor reasonably satisfactory to Landlord provided that Landlord shall be deemed to have approved counsel provided by Tenant's liability insurer.

B. Landlord shall save harmless, exonerate and indemnify Tenant, its agents and employees (such agents and employees being referred to collectively as the "Tenant Related Parties") from and against any and all claims, liabilities or penalties asserted by or on behalf of any person, firm, corporation or public authority on account of injury, death, damage or loss to person or property in or upon the Premises arising out of the negligence, fault or misconduct of Landlord or Landlord's failure to perform and observe the obligations expressly assumed under the provisions of this Lease, except if the same was caused by the negligence, fault or misconduct of Tenant or the Tenant Related Parties. In respect of all of the foregoing, Landlord shall indemnify Tenant and the Tenant Related Parties from and against all costs, expenses (including reasonable attorneys' fees), and liabilities incurred in or in connection with any such claim, action or proceeding brought thereon; and, in case of any action or proceeding brought against Tenant or the Tenant Related Parties by reason of any such claim, Landlord, upon notice from Tenant and at Landlord's expense, shall resist or defend such action or proceeding and employ counsel therefor reasonably satisfactory to Tenant provided that Tenant shall be deemed to have approved counsel provided by Landlord's liability insurer.

6.1.6 Landlord's Right to Enter. To permit Landlord and its agents to enter into and examine the Premises at reasonable times and with reasonable prior notice (except in emergencies, in which case notice shall be as is reasonable under the circumstances) and to show the Premises, and to make repairs to the Premises, and, during the last six (6) months prior to the expiration of this Lease, to keep affixed in suitable places notices of availability of the Premises. Notwithstanding anything to the contrary contained in this Lease, neither Landlord nor any of its agents, employees, contractors or invitees shall be permitted to enter any part of the Premises, except in a

manner consistent with the safe and proper conduct of Tenant's business, insofar as reasonably practicable during Normal Business Hours; and, in particular, they or any of them shall not be permitted to enter into any part of the Premises where monies, securities, confidential data or valuables are kept any time unless accompanied by a representative of Tenant. Tenant agrees to furnish such representative promptly upon request.

6.1.7 Personal Property at Tenant's Risk. All of the furnishings, fixtures, equipment, effects and personal property of every kind, nature and description of Tenant and of all persons claiming by, through or under Tenant which, during the continuance of this Lease or any occupancy of the Premises by Tenant or anyone claiming under Tenant, may be on the Premises, shall be at the sole risk and hazard of Tenant and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft or from any other cause, no part of said loss or damage is to be charged to or to be borne by Landlord, except that Landlord shall in no event be indemnified or held harmless or exonerated from any liability to Tenant or to any other person, for any injury, loss, damage or liability to the extent prohibited by law.

6.1.8 Payment of Cost of Enforcement. To pay on demand Landlord's expenses, including reasonable attorneys' fees, incurred in successfully enforcing any obligation of Tenant under this Lease or in curing any default by Tenant under this Lease as provided in Section 8.4. Likewise, Landlord shall pay on demand Tenant's expenses, including reasonable attorney's fees, incurred in successfully enforcing any obligation of Landlord under this Lease.

6.1.9 Yield Up. At the expiration of the term or earlier termination of this Lease: to surrender all keys to the Premises; to remove the Tenant's Cafeteria Equipment (except as hereinafter set forth) and all of its trade fixtures and personal property in the Premises; to deliver to Landlord stamped architectural plans showing the Premises at yield up (which may be the initial plans if Tenant has made no installations after the Commencement Date); to replace the components of the Existing Cafeteria Equipment previously removed as part of Tenant's Work with the same or comparable equipment only if Landlord had requested replacement at the time it approved the plans for Tenant's Work pursuant to Section 3.1 hereof; to remove such installations made by it that are not suited for general office use as Landlord may request, if Landlord had so designated such installations for removal at the time Landlord approved the plans therefor; to remove all rooftop telecommunications equipment, Tenant's Cabling [defined below] and any other computer and telecommunications wiring and cabling, and all Tenant's signs wherever located; to repair all damage caused by such removal and to yield up the Premises (including the Tenant's Security System and all installations and improvements made by Tenant except for trade fixtures and such of said installations, improvements or equipment as Landlord shall request Tenant to remove), broom-clean and in the same good order and repair in which Tenant is obliged to keep and maintain the Premises by the provisions of this Lease. All of Tenant's Cafeteria Equipment which has been permanently affixed to the Premises and Tenant's

Security System shall remain upon the Premises at the end of the term without compensation to Tenant. Tenant, at the time of making any installations or improvements, including the Tenant's Work, may request in writing Landlord's written permission to leave such installation or improvement in the Premises at the expiration or earlier termination of this Lease. Landlord shall, after receipt of Tenant's written request and the plans for such installations (if any), notify Tenant as to whether such installation may or may not remain in the Premises at the expiration or earlier termination of this Lease. If Landlord so notifies Tenant that such installation or improvement may remain in the Premises at the expiration or earlier termination of this Lease, Landlord shall thereafter have no right to request or require that such installation be removed at the expiration or earlier termination of the Lease. Any property not so removed shall be deemed abandoned and, if Landlord so elects, deemed to be Landlord's property, and may be retained or removed and disposed of by Landlord in such manner as Landlord shall determine and Tenant shall pay Landlord the entire cost and expense incurred by it in effecting such removal and disposition and in making any incidental repairs and replacements to the Premises and for use and occupancy during the period after the expiration of the term and prior to its performance of its obligations under this subsection 6.1.9. Tenant shall further indemnify Landlord against all loss, cost and damage resulting from Tenant's failure and delay in surrendering the Premises as above provided; however, Tenant shall only be responsible for those indirect or consequential damages which Landlord can prove were primarily caused by Tenant's failure and delay in surrendering the Premises. By way of examples only, such indirect or consequential damages could be (i) the loss of a prospective tenant engaged in serious negotiations with Landlord of which Tenant has been given prior notice and which would have been consummated but for such failure or delay by Tenant, or (ii) amounts payable by Landlord to, or the loss of, a tenant because of Landlord's inability to timely perform its obligations under a new lease because of such failure and delay by Tenant. Except as provided in this Section 6.1.9, Tenant shall not be liable for any indirect or consequential damages whatsoever.

If the Tenant remains in the Premises beyond the expiration or earlier termination of this Lease, such holding over shall be without right and shall not be deemed to create any tenancy, but the Tenant shall be a tenant at sufferance only at a daily rate of rent equal to two (2) times the rent and other charges in effect under this Lease as of the day prior to the date of expiration of this Lease.

6.1.10 Estoppel Certificate. Upon not less than ten (10) business days' prior written request by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing, in such form as Landlord may provide from time to time, certifying all or any of the following: that this Lease is unmodified and in full force and effect and that Tenant has no defenses, offsets or counterclaims against its obligations to pay the Fixed Rent and Additional Rent and any other charges and to perform its other covenants under this Lease (or, if there have been any modifications, that the Lease is in full force and effect as modified and stating the modifications and, if there are any defenses, offsets or counterclaims, setting them forth in reasonable detail), and the dates to which the Fixed Rent and Additional Rent and other charges

have been paid, whether or not Landlord is in default in performance of any of the terms of this Lease, and such further information with respect to the Lease or the Premises as Landlord may reasonably request. Any such statement delivered pursuant to this subsection 6.1.1o may be relied upon by any prospective purchaser or mortgagee of the Premises, or any prospective assignee of such mortgage. Tenant shall also deliver to Landlord such financial information as may be reasonably required by Landlord to be provided to any mortgagee or prospective purchaser of the Premises. Upon not less than ten (10) business days' prior written request by Tenant, Landlord shall execute a similar certificate that may be relied upon by any transferee of all or a portion of Tenant's leasehold including any entity acquiring Tenant, and for Tenant's financings.

6.1.11 Rules and Regulations. To comply with the Park Covenants and any rules and regulations relating to the use of the Premises, and any other reasonable rules and regulations that may be adopted by Landlord from time to time.

6.2 Negative Covenants. Tenant covenants at all times during the term and such further time (prior or subsequent thereto) as Tenant occupies the Premises or any part thereof:

6.2.1 Assignment and Subletting. Except where Landlord's consent is not required, not to assign, transfer, mortgage or pledge this Lease or to sublease (which term shall be deemed to include the granting of concessions and licenses and the like) all or any part of the Premises or suffer or permit this Lease or the leasehold estate hereby created or any other rights arising under this Lease to be assigned, transferred or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law, or permit the occupancy of the Premises by anyone other than Tenant (subject to the next paragraph below) without the prior written consent of Landlord. In the event Tenant desires to assign this Lease or sublet any portion or all of the Premises, Tenant shall notify Landlord in writing of Tenant's intent to so assign this Lease or sublet the Premises and the proposed effective date of such subletting or assignment, and shall request in such notification that Landlord consent thereto. Landlord's consent shall not be unreasonably withheld, delayed or conditioned to an assignment or to a subletting, provided that the assignee or subtenant shall use the Premises only for the Permitted Uses. If Landlord consents thereto, no such subletting or assignment shall in any way impair the continuing primary liability of Tenant hereunder, and no consent to any subletting or assignment in a particular instance shall be deemed to be a waiver of the obligation to obtain the Landlord's written approval in the case of any other subletting or assignment.

It is understood and agreed that Tenant's affiliate, State Street Bank and Trust Company, and any other related corporation or entity, shall have the right to use and occupy the Premises for the Permitted Uses and the use and occupancy by such corporation or entity, or any combination of them, for such purposes shall be deemed to be the same as the permitted use by the Tenant originally named under this Lease. No further act, documentation or consent shall be required with respect to such usage by any or all of such entities, and such usage shall not impair the continuing primary liability of Tenant hereunder.

If for any assignment or sublease consented to by Landlord

hereunder Tenant receives rent or other consideration specifically allocated to the transfer of the leasehold interest under this Lease (as opposed to consideration which is properly allocable to a larger, bona fide transaction that includes the transfer of other leases and interests of Tenant in addition to this Lease), either initially or over the term of the assignment or sublease, in excess of the rent called for hereunder, or in case of sublease of part, in excess of such rent fairly allocable to the part, or if Tenant shall sublease or license space on the roof at a rental rate in excess of the rental rate payable hereunder fairly allocable to such space, after appropriate adjustments to assure that all other payments called for hereunder are appropriately taken into account and after deduction for reasonable expenses of Tenant in connection with the assignment or sublease, including brokerage fees and commissions, the amortized costs of fitting out the space for the prospective sublessee (amortized over the term of the sublease in question), financial concessions or inducements, and the like, to pay to Landlord as additional rent fifty (50%) percent of the excess of each such payment of rent or other consideration received by Tenant promptly after its receipt.

Any other provision of this Section 6.2.1 notwithstanding, Tenant shall have the right, without Landlord's prior consent and without any right of Landlord to terminate or suspend this Lease and without any obligation to pay any excess rent or other consideration to Landlord to assign the Lease or sublease all or a portion of the Premises to any of the following entities ("Permitted Transferees"): (a) an entity succeeding to the business and assets of Tenant, whether by way of merger or consolidation or by way of acquisition of all or substantially all of the assets of Tenant; provided that the acquiring entity is, as a matter of law, or otherwise agrees by written instrument to become directly obligated under this Lease; and provided further that the resulting entity has a net worth equal to or greater than the net worth of Tenant immediately prior to such transfer and proof reasonably satisfactory to Landlord of such net worth is delivered to Landlord within thirty (30) days after the transfer; (b) an entity which is either the parent of the Tenant, controlled by Tenant ("control" for the purposes hereof meaning ownership of fifty (50%) percent or more of all financial interest and fifty (50%) percent or more of the voting interest) or controlled by the same persons who own Tenant; provided Tenant remains primarily liable

hereunder; (c) a partnership or joint venture in which Tenant is a bona fide partner or joint venturer; or (d) an entity which is defined as an "affiliate" under the Bank Holding Company Act.

6.2.2 Nuisance. Not to injure, deface or otherwise harm the Premises; nor commit any nuisance; nor permit in the Premises any vending machine (except such as is used for the sale of merchandise and prepared foods to employees of Tenant) or inflammable fluids or chemicals (except such as are customarily used in connection with standard office equipment or normal and customary office usage); nor permit any cooking to such extent as requires special exhaust venting, except that Tenant may use microwave ovens; nor permit the emission of any objectionable noise or odor; nor make, allow or suffer any waste; nor make any use of the Premises which is improper, offensive or contrary to any law or ordinance or which will

invalidate any of Landlord's insurance; nor conduct any auction, fire, "going out of business" or bankruptcy sales. Notwithstanding the foregoing, Landlord agrees that Tenant may utilize the cafeteria in the Building to serve food and non-alcoholic beverages to Tenant's office employees; provided, however, that Tenant shall obtain all necessary permits and licenses and install a special ventilation and exhaust system (if necessary) and will remove all trash and refuse from the Building to a dumpster on the Premises designated for Tenant's use and contract for periodic pest control services, all which shall be installed, operated, maintained, repaired, replaced and performed, as the case may be, by and at the expense of Tenant.

6.2.3 Hazardous Wastes and Materials. Except as normal and customary in office usage, not to dispose of any hazardous wastes, hazardous materials or oil in, on, or at the Premises, or into any of the plumbing, sewage, or drainage systems thereon, and to indemnify and save Landlord harmless from all claims, liability, loss or damage arising on account of the use or disposal of hazardous wastes, hazardous materials or oil, including, without limitation, liability under any federal, state, or local laws, requirements and regulations, or damage to any of the aforesaid systems. Tenant shall comply with all governmental reporting requirements with respect to hazardous wastes, hazardous materials and oil, and shall deliver to Landlord copies of all reports filed with governmental authorities. If there are any hazardous materials, hazardous wastes or oil at, on or under the Premises which migrated from land in the immediate vicinity of the Premises on or after the Commencement Date, Landlord shall immediately after notice, properly and in compliance with applicable laws, clean-up, remediate or remove such hazardous materials, hazardous wastes or oil and diligently pursue recovery for the costs associated therewith from the responsible party, including attorney's fees, at Tenant's expense as part of Operating Costs (less any amounts actually recovered by Landlord from the responsible party).

6.2.4 Floor Load; Heavy Equipment. Not to place a load upon any floor of the Building exceeding the floor load per square foot area which such floor was designed to carry and which is allowed by law. Landlord reserves the right to prescribe the weight and position of all heavy business machines and equipment, including safes, which shall be placed so as to distribute the weight. Business machines and mechanical equipment which cause vibration or noise shall be placed and maintained by Tenant at Tenant's expense in settings sufficient to absorb and prevent vibration, noise and annoyance. Tenant shall not move any safe, heavy machinery, heavy equipment, freight or fixtures into or out of the Premises except in such manner and at such time as Landlord shall in each instance authorize.

6.2.5 Installation, Alterations or Additions. Not to make any installations, alterations or additions in, to or on the Premises nor to permit the making of any holes in the walls, partitions, ceilings or floors nor the installation or modification of any locks or security devices without on each occasion obtaining the prior written consent of Landlord, and then only pursuant to plans and specifications approved by Landlord in advance in each instance (which consent and approval shall not be required for non-structural, interior alterations costing less than $150,000.00 in each instance which do not materially and adversely affect the Building

structure or systems or the interior architectural design, and which will not reduce the value of the Building or affect the structural integrity thereof; and which consent and approval shall not be required in any event for nonstructural, cosmetic or decorative changes or installations, such as painting, carpeting, and the like); Tenant shall pay promptly when due the entire cost of any work to the Building or Premises undertaken by Tenant so that the Premises shall at all times be free of liens for labor and materials. In any event, Tenant shall within thirty (30) days bond against or discharge any mechanics' liens or other encumbrances that may arise out of such work, provided, however, that if Tenant has notice of any mechanics' liens and has received a request from Landlord relating to a possible default of Landlord under its financing documentation on account of such lien, then Tenant shall bond against or discharge the same promptly. Tenant shall procure all necessary licenses and permits from the applicable governmental authorities at Tenant's sole expense before undertaking such work. Tenant agrees to employ for all such work responsible contractors approved by Landlord in advance and to cause such contractors employed by Tenant to carry worker's compensation insurance in accordance with statutory requirements and so-called "builder's risk" insurance covering Landlord and Tenant, as their interests appear, to the full insurable value of the work in question, and to submit certificates evidencing such coverage before commencement of the work. All such work shall be done in a good and workmanlike manner employing materials of good quality and so as to conform with all applicable zoning, building, fire, health and other codes, regulations, ordinances and laws. Tenant shall save Landlord harmless and indemnified from all injury, loss, claims or damage to any person or property occasioned by or growing out of such work.

6.2.5.1 Rooftop Telecommunications Equipment. A. Without waiver of any of the provisions of the above paragraph of this Section 6.2.5 as they relate to the approval of plans and the performance of the work in connection with such installation, Tenant shall have the right to install, maintain, operate, repair and replace telecommunications equipment on the roof of the Building, subject to Landlord's approval regarding size, location and the manner of installation in each instance, including conformance with Landlord's reasonable design criteria (including visual shielding such that it cannot be seen from street level) and provided that such installation (i) does not void any roof bonds or affect the integrity of the roof, and (ii) complies with the requirements, if any, of the Park Covenants. The installation, operation, maintenance and removal of such equipment shall be at Tenant's sole cost and expense and shall be performed in accordance with all applicable laws and requirements of applicable governmental authorities. Tenant shall indemnify, defend and hold Landlord harmless from and against any liability, claims, damage or loss arising from the installation, maintenance, repair replacement and operation of all telecommunications equipment on the roof, unless caused by Landlord, its agents, employees or contractors.

B. Tenant shall also have the right to install, maintain, repair and replace, in areas of the Building designated by Landlord, its cables, conduits and related lines ("Tenant's Cabling") necessary to connect the telecommunications equipment on the roof

to the interior of the Building and for the transmission of data using the existing chases, ducts, shafts and other facilities of the Building, provided that no modification or upgrade of any of the Building systems is required as a result of Tenant's Cabling and provided further that Tenant complies with the requirements of the first paragraph of this Section 6.2.5. Any such installation, maintenance and repairing of Tenant's Cabling shall be at Tenant's sole cost and expense. Tenant agrees that upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, remove any or all of Tenant's Cabling rooftop equipment and related materials as Landlord may request pursuant to Section 6.1.9.

C. Tenant, its contractors, agents or employees shall have access to the roof at all times in order to install, repair, replace, maintain, use and operate its telecommunications equipment, upon the following terms and conditions: (i) all access by Tenant to the roof shall be subject to Landlord's reasonable safeguards for the security and protection of the Building; (ii) any damage to the Building or to the personal property of Landlord arising as a result of such access shall be repaired and restored, at Tenant's sole cost, to the condition existing prior to such access; and (iii) Tenant shall indemnify, defend and hold Landlord harmless from and against any liability, damage or loss arising from such access, unless caused by Landlord, its agents, employees or contractors.

D. Tenant may assign its rights under this subsection 6.2.5.1 to a Permitted Transferee.

6.2.5.2 Additional Generator. A. Without waiver of the provisions of the first paragraph of this section 6.2.5, Tenant shall have the right to install, maintain, repair, replace and operate a back-up generator, and a fuel tank if necessary, having capacities no greater than what are then permitted by the applicable local building code (the generator and the fuel tank are collectively referred to as the "Additional Generator") in an area in the Building mutually agreed upon by Landlord and Tenant (the "Generator Area"), provided Tenant shall promptly repair any damage caused to the Building or to the Premises caused by reason of such installation. Tenant shall not install the Generator in the Generator Area without Landlord's prior approval of the manner of and plans and specifications for such installation and screening if reasonably required by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed), notwithstanding that the first paragraph of section 6.2.5 above may excuse the requirement if certain conditions are satisfied. If such installation shall result in an increase in premiums for Landlord's insurance coverage for the Building, then Tenant shall be liable for the increase as additional rent hereunder.

B. Tenant agrees that upon the expiration or earlier termination of this Lease, Tenant shall, in accordance

with subsection 6.1.9 hereof, remove the Additional Generator, at Tenant's expense, and promptly repair and restore any damage to the Premises or the Building due to such removal. If the Additional Generator is not so removed by Tenant upon the expiration of the term of this Lease, then they it shall become the property of Landlord and, if Landlord so elects, Landlord shall remove the same and charge Tenant for the cost of removal, including costs, if any, associated with restoration of the Building due to such removal.

C. Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, costs, expenses, fees or suits arising out of accidents, damage, injury or loss to any and all persons and property, arising from the installation, maintenance, operation and repair of the Additional Generator, unless caused by the fault or negligence of Landlord, its agents, employees and contractors. Tenant shall obtain insurance coverage for the benefit of Landlord and its managing agent in such amount and of such type as Landlord may reasonably require.

D. The installation, maintenance and operation of the Additional Generator shall be at Tenant's sole cost and expense, and shall be performed in accordance with all applicable laws and requirements of applicable governmental authorities.

E. It is expressly understood that the right to install (as opposed to the right to operate) the Additional Generator is personal to the initial Tenant named herein. Notwithstanding the foregoing, any assignment or subletting to a Permitted Transferee may, at Tenant's option, include the right (if unexercised) to install the Additional Generator. Except as specifically permitted by the preceding sentence, Tenant shall not assign its right under this subsection 6.2.5.2 to install the Additional Generator; provided, however, that Landlord shall give reasonable consideration to a request to assign the aforesaid right in connection with an assignment or subletting to any party which is not a Permitted Transferee.

6.2.6 Abandonment. Not to abandon the Premises during the term, it being understood and agreed that vacancy of the Premises shall not be construed as abandonment so long as all of Tenant's other obligations under this Lease continue to be timely performed and reasonable measures are taken by Tenant to manage the vacant space.

6.2.7 Signs. Not without Landlord's prior written approval to paint or place any signs or place any curtains, blinds, shades, awnings, aerials, or the like, visible from outside the Premises. Tenant shall be permitted to install its identification signage on the existing monument sign at the entrance to the Premises and in the Building lobby at Tenant's sole expense, in conformance with the Park Covenants and subject to Landlord's approval (which shall not be unreasonably withheld, conditioned or delayed)and any approvals that may be required by the City of Quincy. Tenant shall maintain all such signage in good condition during the term, at its sole expense.

6.2.8 Parking; Storage. A. Not to permit any storage of materials outside of the Building; nor to permit the use of the Premises for either temporary or permanent storage of trucks; nor permit the use of the Premises for any use for which heavy trucking to or from the site would be customary, other than as are reasonably required during the performance of the Tenant's Work and in the ordinary course of Tenant's business for deliveries and the like; and to use reasonable diligence to prevent Tenant's employees and customers and others visiting the Premises from using any street abutting the Premises for parking.

B. Without waiver of the provisions of subsection 6.2.5 relating to the approval of plans and the performance of work, Tenant shall be permitted, at its sole expense, to expand the existing parking area to all other areas on the Land on which parking is permitted under applicable laws.

C. Without waiver of the provisions of subsection 6.2.5 relating to the approval of plans and the performance of work, Tenant shall have the right to construct a parking garage on the Land if and to the extent permitted by the City of Quincy, and once constructed, such garage shall be deemed part of the Premises for all purposes under this Lease. All aspects of the design of the parking garage shall be subject to Landlord's written approval and the construction shall be performed solely by Tenant at Tenant's expense and shall otherwise comply with the requirements of Subsection 6.2.5 above.

D. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right to restripe the existing parking area serving the Building, at its sole expense, provided Tenant does so in compliance with all applicable laws, codes, regulations, and ordinances, including those specifying allocation of handicapped parking spaces.

E. Landlord will cooperate with Tenant so far as reasonably necessary in connection with obtaining approvals and the like from the City of Quincy with respect to garage construction, or restriping and expanding the parking area.

ARTICLE 7

Casualty or Taking

7.1 Termination. In the event that the Premises or the Building, or any material part thereof, shall be taken by any public authority or for any public use, or shall be destroyed or substantially damaged by fire or casualty, or by the action of any public authority, then this Lease may be terminated at the election of Landlord or Tenant. The term "substantially damaged" as used herein shall mean (i) damage of such an extent that in the opinion of an independent architect or engineer selected by Landlord and approved by Tenant (which approval shall not be unreasonably withheld or delayed) and having at least ten (10) years experience in constructing buildings comparable to the Building, the time required to repair and restore the Building will require in excess of nine (9) months from the date the work would be commenced, or (ii) damage so extensive that fifty (50%) percent or more of the Rentable Floor Area of the Building is destroyed. Such election by either Landlord or Tenant, which may be made notwithstanding the fact that Landlord's entire interest may have been divested, shall be made by the giving of notice to the other party within sixty (60) days after the date of the taking or casualty. In the event that the Building is destroyed or damaged by fire or casualty during the last two (2) years

of the original term, or the extended term as the case may be, Landlord shall advise Tenant of the extent of the damage, and if it exceeds thirty-five (35%) percent of the Rentable Floor Area of the Building, this Lease may be terminated at the election of Landlord or Tenant, which election shall be made within thirty (30) days after Landlord so advises Tenant of the extent of the damage. If any

taking reduces the number of parking spaces available for Tenant's use by more than twenty-five (25%) percent, Landlord shall provide Tenant with reasonable temporary parking as soon as practicable and if Landlord does not provide Tenant with permanent, reasonable substitute parking within ninety (90) days of such taking, then this Lease may be terminated at the election of Tenant at the expiration of such 90-day period.

7.2 Restoration. A. If this Lease is not terminated under Section 7.1 above, this Lease shall continue in force and a just proportion of the rent reserved, according to the nature and extent of the damages sustained by the Premises, shall be suspended or abated until the Premises, or what may remain thereof, shall be restored by Landlord to its prior condition (provided, however, Landlord's restoration obligations shall be collectively referred to herein as "Landlord Restoration Work" and shall be limited to the base building structural and core elements, any common area and other base building improvements, and any parking garage constructed on the Land by Tenant, but shall exclude the Tenant's Work and other improvements made in or on the Premises by or on behalf of Tenant), which Landlord covenants to do with reasonable diligence to the extent permitted by the net proceeds of insurance recovered or damages awarded for such taking, destruction or damage and any contribution required to be made by Landlord and Tenant hereunder, and subject to zoning and building laws or ordinances then in existence. All other repair and restoration work, including the Tenant's Work and all other leasehold improvements (collectively, the "Tenant's Restoration Work"), shall be performed by and at the expense of Tenant, promptly and with due diligence. The Fixed Rent and Additional Rent shall be equitably abated during the period in which Tenant is performing the Tenant's Restoration Work, but in no event longer than ninety (90) days after the date when Landlord's Restoration Work has been substantially completed. Tenant shall use reasonable efforts not to interfere with Landlord's Restoration Work during the performance of Tenant's Restoration Work. "Net proceeds of insurance recovered or damages awarded" refers to the gross amount of such insurance or damages less the reasonable expenses of Landlord incurred in connection with the collection of the same, including without limitation, fees and expenses for legal and appraisal services (provided, however, Landlord shall be required to fund the amount of any deductible under its insurance policy and any deficiency in proceeds because of Landlord's failure to carry the insurance required by this Lease). Tenant shall make available to Landlord for restoration of any parking garage on the Land that portion of the proceeds of Tenant's insurance recovered and attributable to the parking garage and required to be insured by Tenant hereunder, provided, however, Tenant shall be required to fund the amount of any deductible under its insurance policy and any deficiency in proceeds because of its failure to carry the insurance required by this Lease.

B. If this Lease has not been terminated pursuant to Section 7.1, and Landlord shall not have restored the base building as specified above within nine (9) months from the date the work commenced (subject to extension pursuant to Section 10.5), and such failure is not a result of delays caused by Tenant, Tenant shall have the right to either terminate this Lease or complete the Landlord's Restoration Work by giving notice thereof to Landlord, effective at the expiration of thirty (30) days from the giving of such notice; provided however, that

such termination or election to restore will be rendered ineffective if, prior to the expiration of said 30-day period, Landlord shall have completed such restoration. If Tenant elects to complete the Landlord's Restoration Work, Tenant shall be deemed to have waived its right to terminate this Lease pursuant to this Section 7.2, and Landlord shall deliver to Tenant that portion of the net proceeds of insurance recovered or damages awarded and released to Landlord by its mortgagee and attributable to the unfinished portion of the Landlord's Restoration Work and required to be insured by Landlord hereunder. If the net proceeds of insurance are insufficient for Tenant to complete the Landlord's Restoration Work because (i) Landlord has failed to carry the insurance required to be carried hereunder, (ii) Landlord has misappropriated any proceeds previously released to it, or (iii) Landlord's lender has not released sufficient insurance proceeds, then Tenant shall have the right to setoff each month, from payments of Fixed Rent first coming due hereunder after the expiration of any abatement period specified above, amounts equal to the insurance proceeds which would have been available for the Landlord's Restoration Work if not for such failure or misappropriation by Landlord until the total amount of all such proceeds is recovered.

7.3 Award. Irrespective of the form in which recovery may be had by law, all rights to damages or compensation shall belong to Landlord in all cases. Tenant hereby grants to Landlord all of Tenant's rights to such damages and covenants to deliver such further assignments thereof as Landlord may from time to time request.

ARTICLE 8
Defaults

8.1 Events of Default. (a) If Tenant shall default in the performance of any of its obligations to pay the Fixed Rent or Additional Rent hereunder and if such default shall continue for ten (10) days after written notice from Landlord designating such default or if within thirty (30) days after written notice from Landlord to Tenant specifying any other default or defaults Tenant has not commenced diligently to correct the default or defaults so specified or has not thereafter diligently pursued such correction to completion, or (b) if any assignment shall be made by Tenant or any Guarantor of Tenant for the benefit of creditors, or (c) if Tenant's leasehold interest shall be taken on execution, or (d) if a lien or other involuntary encumbrance is filed against Tenant's leasehold interest or Tenant's other property, including said leasehold interest, and is not discharged within thirty (30) days thereafter, or (e) if a petition is filed by Tenant or any Guarantor of Tenant for liquidation, or for reorganization or an arrangement under any provision of any bankruptcy law or code as then in force and effect, or (f) if an involuntary petition under any of the provisions of any bankruptcy law or code is filed against Tenant or any Guarantor of Tenant and such involuntary petition is not dismissed within ninety (90) days thereafter, then, and in any of such cases, Landlord and the agents and servants of Landlord lawfully may, in addition to and not in derogation of any remedies for any preceding breach of covenant, immediately or at any time thereafter without demand or notice and with or without process of law (forcibly, if necessary) enter into and upon the Premises or any part thereof in the name of the whole or mail a notice of termination addressed to Tenant, and repossess the same as of landlord's former estate and expel Tenant and those claiming through or under Tenant and remove its and their effects (forcibly, if necessary) without being deemed guilty of any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or prior breach of covenants, and upon such entry or mailing as aforesaid this Lease shall terminate, Tenant hereby waiving all statutory rights to the Premises

(including without limitation rights of redemption, if any, to the extent such rights may be lawfully waived) and Landlord, without notice to Tenant, may store Tenant's effects, and those of any person claiming through or under Tenant, at the expense and risk of Tenant, and, if Landlord so elects, may sell such effects at public auction or private sale and apply the net proceeds to the payment of all sums due to Landlord from Tenant, if any, and pay over the balance, if any, to Tenant.

8.2 Remedies. In the event that this Lease is terminated under any of the provisions contained in Section 8.1 or shall be otherwise terminated for breach of any obligation of Tenant, Tenant covenants to pay punctually to Landlord all the sums and to perform all the obligations which Tenant covenants in this Lease to pay and to perform in the same manner and to the same extent and at the same time as if this Lease had not been terminated. In calculating the amounts to be paid by Tenant pursuant to the preceding sentence, Tenant shall be credited with the net proceeds of any rent obtained by Landlord by reletting the Premises, after deducting all Landlord's expense in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, fees for legal services and expenses of preparing the Premises for such reletting, it being agreed by Tenant that Landlord may (i) relet the Premises or any part or parts thereof, for a term or terms which may at Landlord's option be equal to or less than or exceed the period which would otherwise have constituted the balance of the term and may grant such concessions and free rent as Landlord in its sole judgment considers advisable or necessary to relet the same and (ii) make such alterations, repairs and decorations in the Premises as Landlord in its sole judgment considers advisable or necessary to relet the same, and no action of Landlord in accordance with the foregoing or failure to relet or to collect rent under reletting shall operate or be construed to release or reduce Tenant's liability as aforesaid. However, Landlord shall use its reasonable efforts to re-let the Premises after Tenant vacates the Premises in the event this Lease is terminated because of a default by Tenant. In lieu of full recovery by Landlord of the sums payable under the foregoing provisions of this Section 8.2 (except for the amount of any rent of any kind accrued and unpaid at the time of termination), Landlord may by written notice to Tenant no later than one (1) year after the date this Lease is terminated on account of a default by Tenant, elect to recover, and Tenant shall thereupon pay forthwith to Landlord, as compensation, an amount equal to the discounted value (calculated using a discount factor equal to the then current U.S. Treasuries having a maturity equal to the then balance of the

term), the excess of the total rent reserved for the residue of the term over the rental value of the Premises for said residue of the term. In calculating the rent reserved there shall be included, in addition to the Fixed Rent and Additional Rent, the value of all other considerations agreed to be paid or performed by Tenant for said residue. For the purposes of this paragraph, marketing of the Premises in a manner similar to the way Landlord markets its other premises in the suburban market shall be deemed to satisfy Landlord's obligation to use such "reasonable efforts." In no event shall Landlord be required (i) to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete possession of the Premises including, without limitation, the undisputed right to re-let the Premises free of any claim of Tenant, (ii) to lease the Premises to a tenant whose proposed use, in Landlord's sole but bona fide judgment, would violate any restrictions by which Landlord is bound, (iii) to re-let the Premises before leasing other comparable vacant space in the Building, (iv) to lease the Premises for a rental less than the current fair market rental then prevailing for similar office space in the Building, or (v) to enter

into a lease with any proposed tenant that does not have, in Landlord's reasonable opinion, sufficient financial resources or operating experience to operate the Premises in a manner comparable to other tenants in the Building. In no event, however, shall Tenant's liability hereunder be diminished or reduced if or to the extent such reasonable efforts of Landlord to re-let are not successful.

In lieu of any other damages or indemnity and in lieu of full recovery by Landlord of all sums payable under all the foregoing provisions of this Section 8.2 (except for the amount of any rent of any kind accrued and unpaid at the time of termination), Landlord may by written notice to Tenant, at any time within one (1) year after this Lease is terminated under any of the provisions contained in Section 8.1 or is otherwise terminated for breach of any obligation of Tenant and before such full recovery, elect to recover, and Tenant shall thereupon pay, as liquidated damages, the discounted value (calculated using a discount factor equal to the then Prime Rate as published in the Wall Street Journal) of the excess of the total rent reserved for the residue of the term over the rental value of the Premises for said residue of the term. In calculating the rent reserved there shall be included, in addition to the Fixed Rent and Additional Rent, the value of all other considerations agreed to be paid or performed by Tenant for said residue Nothing contained in this Lease shall, however, limit or prejudice the right of Landlord to prove for and obtain in proceedings for bankruptcy or insolvency by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater than, equal to, or less than the amount of the loss or damages referred to above.

8.3 Remedies Cumulative. Any and all rights and remedies which Landlord may have under this Lease, and at law and equity, shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time insofar as permitted by law.

8.4 Landlord's Right to Cure Defaults. Landlord may, but shall not be obligated to, cure, at any time after the expiration of the applicable grace period under Section 8.1 (but without notice in any emergency situation to prevent immediate or imminent forfeiture of Landlord's interest in the Premises or to prevent reasonably anticipated damage to the Building or injury to persons), any default by Tenant under this Lease; and whenever Landlord so elects, all costs and expenses incurred by Landlord, including reasonable attorneys' fees, in curing a default shall be paid, as Additional Rent, by Tenant to Landlord on demand, together with interest thereon at the rate of one (1%) percentage point over the then Prime Rate as published in the Wall Street Journal (the "Interest Rate") from the date of payment by Landlord to the date of payment by Tenant.

8.5 Effect of Waivers of Default. Any consent or permission by either party to any act or omission which otherwise would be a breach of any covenant or condition herein, shall not in any way be held or construed (unless expressly so declared) to operate so as to impair the continuing obligation of any covenant or condition herein, or otherwise, except as to the specific instance, operate to permit similar acts or omissions.

8.6 No Waiver, etc. The failure of either party to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an

original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed to have been a waiver of such breach by Landlord. No consent or waiver, express or implied, by either party to or of any breach of any agreement or duty shall be construed as a waiver or consent to or of any other breach of the same or any other agreement or duty.

8.7 No Accord and Satisfaction. No acceptance by Landlord of a lesser sum than the Fixed Rent, Additional Rent or any other charge then due shall be deemed to be other than on account of the earliest installment of such rent or charge due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent or other charge be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy in this Lease provided.

ARTICLE 9

Rights of Mortgage Holders

9.1 Rights of Mortgage Holders. The word "mortgage" as used herein includes mortgages, deeds of trust or other similar instruments evidencing other voluntary liens or encumbrances, and modifications, consolidations, extensions, renewals, replacements and substitutes thereof. The word "holder" shall mean a mortgagee, and any subsequent holder or holders of a mortgage. Until the holder of a mortgage shall enter and take possession of the Premises for the purpose of foreclosure, such holder shall have only such rights of Landlord as are necessary to preserve the integrity of this Lease as security. Upon entry and taking possession of the Premises for the purpose of foreclosure, such holder shall have all the rights of Landlord. No such holder of a mortgage shall be liable either as mortgagee or as assignee, to perform, or be liable in damages for failure to perform, any of the obligations of Landlord unless and until such holder shall enter and take possession of the Premises for the purpose of foreclosure. Upon entry for the purpose of foreclosure, such holder shall be liable to perform all of the obligations of Landlord, subject to and with the benefit of the provisions of Section 10.4, provided that a discontinuance of any foreclosure proceeding shall be deemed a conveyance under said provisions to the owner of the equity of the Premises.

The covenants and agreements contained in this Lease with respect to the rights, powers and benefits of a holder of a mortgage (particularly, without limitation thereby, the covenants and agreements contained in this Section 9.1) constitute a continuing offer to any person, corporation or other entity, which by accepting a mortgage subject to this Lease, assumes the obligations herein set forth with respect to such holder; such holder is hereby constituted a party of this Lease as an obligee hereunder to the same extent as though its name were written hereon as such; and such holder shall be entitled to enforce such provisions in its own name. Tenant agrees on request of Landlord to execute and deliver from time to time any agreement which may be necessary to implement the provisions of this Section 9.1.

9.2 Lease Superior or Subordinate to Mortgages. It is agreed that the rights and interest of Tenant under this Lease shall be (i) subject or subordinate to any present or future mortgage or mortgages and to any and all advances to be made thereunder, and to the interest of the holder thereof in the Premises if Landlord shall elect by notice to Tenant to subject or subordinate the rights and interest of Tenant under this Lease to such mortgage or (ii) prior to any present or

future mortgage or mortgages, if Landlord shall elect, by notice to Tenant, to give the rights and interest of Tenant under this Lease priority to such mortgage; in the event of either of such elections and upon notification by Landlord to that effect, the rights and interest of Tenant under this Lease should be deemed to be subordinate to, or have priority over, as the case may be, said mortgage or mortgages, irrespective of the time of execution or time of recording of any such mortgage or mortgages (provided, however, that as a condition to the subordination of this Lease to any future mortgages, the holder thereof agrees not to disturb the possession of Tenant so long as Tenant is not in default hereunder). This Section shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant agrees it will, upon

not less than ten (10) days' prior written request by Landlord, execute, acknowledge and deliver any and all instruments deemed by Landlord necessary or desirable to give effect to or notice of such subordination or priority. Any Mortgage to which this Lease shall be subordinated may contain such terms, provisions and conditions as the holder deems usual or customary. Landlord agrees to obtain from its current lender an agreement that the possession of Tenant will not be disturbed so long as Tenant is not in default hereunder. Landlord agrees to obtain from any future lenders, and to use reasonable efforts to obtain from its current lender, an agreement that the proceeds of insurance will be released to Landlord for Landlord's Restoration Work, unless this Lease is otherwise terminated in accordance with the provisions hereof.

ARTICLE 10

Miscellaneous Provisions

10.1 Notices from One Party to the Other. All notices required or permitted hereunder shall be in writing and addressed, if to the Tenant, at the Original Notice Address of Tenant or such other address as Tenant shall have last designated by notice in writing to Landlord and, if to Landlord, at the Original Notice Address of Landlord or such other address as Landlord shall have last designated by notice in writing to Tenant. Any notice shall be deemed duly given when mailed to such address postage prepaid, certified mail, return receipt requested, or when delivered to such address by hand.

10.2 Quiet Enjoyment. Landlord agrees that upon Tenant's paying the rent and performing and observing the agreements, conditions and other provisions on its part to be performed and observed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises during the term hereof without any manner of hindrance or molestation from Landlord or anyone claiming under Landlord or by paramount or adverse title, subject, however, to the terms of this Lease; provided, however, Landlord reserves the right, without the same constituting a breach of Landlord's covenant of quiet enjoyment, to make such changes, alterations, additions, improvements repairs or replacements in or to the Premises as Landlord may deem necessary or desirable, provided, further, however, that there shall be no unreasonable interference with Tenant's use of the Premises, or deprivation of reasonable access thereto, or which jeopardizes the security of the Premises for the conduct of Tenant's business.

10.3 Lease not to be Recorded. Tenant agrees that it will not record this Lease. Both parties shall, upon the request of either, execute and

deliver a notice or short form of this Lease in such form, if any, as may be permitted by applicable statute.

10.4 Limitation of Landlord's Liability. The term "Landlord" as used in this Lease, so far as covenants or obligations to be performed by Landlord are concerned, shall be limited to mean and include only the owner or owners at the time in question of the Land, and in the event of any transfer or transfers of title to said property, the Landlord (and in case of any subsequent transfers or conveyances, the then grantor) shall be concurrently freed and relieved from and after the date of such transfer or conveyance, without any further instrument or agreement of all liability as respects the performance of any covenants or obligations on the part of the Landlord contained in this Lease thereafter to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord, shall, subject as aforesaid, be binding on the Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership of said leasehold interest or fee, as the case may be. Tenant, its successors and assigns, shall not assert nor seek to enforce any claim for breach of this Lease against any of Landlord's assets other than Landlord's interest in the Premises and in the rents, issues and profits thereof or the proceeds of insurance or taking, and Tenant agrees to look solely to such interest for the satisfaction of any liability or claim against Landlord under this Lease, it being specifically agreed that in no event whatsoever shall Landlord (which term shall include, without limitation, any general or limited partner, trustees, beneficiaries, officers, directors, or stockholders of Landlord) ever be personally liable for any such liability.

10.5 Acts of God. In any case where either party hereto is required to do any act, delays caused by or resulting from Acts of God, war, civil commotion, fire, flood or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, unusually severe weather, or other causes beyond such party's reasonable control shall not be counted in determining the time during which work shall be completed, whether such time be designated by a fixed date, a fixed time or a "reasonable time," and such time shall be deemed to be extended by the period of such delay. The foregoing shall not extend the time periods after which Tenant may terminate this Lease pursuant to Section 7.2 or exercise self-help pursuant to Section 10.12 for more than ninety (90) days.

10.6 Landlord's Default. Landlord shall not be deemed to be in default in the performance of any of its obligations hereunder unless it shall fail to perform such obligations and such failure shall continue for a period of thirty (30) days or such additional time as is reasonably required to correct any such default after written notice has been given by Tenant to Landlord specifying the nature of Landlord's alleged default. Landlord shall not be liable in any event for incidental or consequential damages to Tenant by reason of Landlord's default, whether or not notice is given. Tenant shall have no right to terminate this Lease for any default by Landlord hereunder and no right, for any such default, to offset or counterclaim against any rent due hereunder.

10.7 Brokerage. Tenant warrants and represents that it has dealt with no broker in connection with the consummation of this Lease, other than Spaulding & Slye, Insignia/ESG and Nordblom Company (collectively, the "Brokers"), and in the event of any brokerage claims, other than by the Brokers, against Landlord predicated upon prior dealings with Tenant, Tenant agrees to defend the same and indemnify and hold Landlord harmless against any such claim.

10.8 Applicable Law and Construction. This Lease shall be governed by and

construed in accordance with the laws of the Commonwealth of Massachusetts and, if any provisions of this Lease shall to any extent be invalid, the remainder of this Lease shall not be affected thereby. There are no oral or written agreements between Landlord and Tenant affecting this Lease. This Lease may be amended, and the provisions hereof may be waived or modified, only by instruments in writing executed by Landlord and Tenant. The titles of the several Articles and Sections contained herein are for convenience only and shall not be considered in construing this Lease. Unless repugnant to the context, the words "Landlord" and "Tenant" appearing in this Lease shall be construed to mean those named above and their respective heirs, executors, administrators, successors and assigns, and those claiming through or under them respectively. If there be more than one tenant, the obligations imposed by this Lease upon Tenant shall be joint and several.

10.9 Landlord's Representations. A. Landlord represents to Tenant to the best of Landlord's knowledge and belief that, except as may be disclosed in that certain environmental report prepared by Haley & Aldrich dated September, 1999 (the "Haley & Aldrich Report"), as of the Date of this Lease (i) no hazardous or toxic materials or substances (including, without limitation, asbestos) are present in, on, under or at the Premises, the Building or the Land in violation of laws, nor has there been a release of the same, in, on, under or at the Premises, the Building or the Land; (ii) no investigative order, settlement, agreement, enforcement order or litigation with respect to hazardous or toxic materials or substances is proposed, threatened, anticipated or in existence with respect to the Premises, the Building or the Land; and (iii) no notice, demand, claim, citation, complaint, request for information or similar communication has been received by Landlord with respect to hazardous or toxic materials or substances in, on, under or at the Premises, the Building or the Land. Tenant hereby acknowledges and confirms its receipt of the Haley & Aldrich Report.

B. Landlord represents to Tenant that as of the Date of this Lease (i) the Building has not been constructed in violation of any applicable laws, codes, ordinances and regulations; (ii) the existing electrical and plumbing systems, the existing heating, ventilating and air conditioning systems (the "hvac facilities"), the elevators and other existing mechanical systems in the Building are in good working order and condition; (iii) the Premises are served by water, sewer, electricity and other utilities sufficient for general office use; and (iv) the hvac facilities are of sufficient capacity for general office use by the number of persons which the Building was designed to accommodate.

C. Landlord makes no other representations to Tenant other than the representations specifically contained in subparagraphs A and B of this Section 10.9.

10.10 Entire Agreement. This Lease contains all of the agreements between the parties hereto, and there are no prior oral or written agreements between Landlord and Tenant affecting this Lease. This Lease may not be modified in any manner other than by agreement in writing signed by both Landlord and Tenant.

10.11 Guaranty. The obligations of Tenant under this Lease are guaranteed by Guarantor pursuant to the provisions of that Guaranty of even date herewith.

10.12 Tenant's Self-Help. Tenant may, but shall not be obligated to, cure,

after thirty (30) days' prior written notice (or without notice in an emergency), any default by Landlord under this Lease that is materially detrimental to Tenant's business not to have cured, and whenever Tenant so elects, all costs and expenses incurred by Tenant in curing a default shall be paid by Landlord to Tenant on demand; provided, however, that Tenant shall indemnify Landlord against any damage to the Building resulting from Tenant's effecting such cure. However, if Landlord has undertaken to cure the default in question and is proceeding with diligence, but has been unable to fully complete such cure by the expiration of thirty (30) days from Tenant's notice as aforesaid, Landlord shall be afforded a reasonable time thereafter in which to complete its curative efforts before Tenant may effect a cure. For the purposes of this Section 10.12, the phrase "reasonable time" shall mean an additional period of time reasonably determined by Landlord given the nature of the default and the steps reasonably necessary to rectify the same, but not to exceed an additional sixty (60) days.

10.13 Cafeteria Equipment. The equipment currently installed and located in the Building cafeteria as of the Commencement Date is and will remain Landlord's property during the term and shall be called the "Existing Cafeteria Equipment" for the purposes of this Lease. All equipment and personal property (including replacements of the Existing Cafeteria Equipment) that may be installed or added to the cafeteria by Tenant after the Commencement Date shall be at Tenant's expense and deemed Tenant's personal property during the term hereof, and shall be called "Tenant's Cafeteria Equipment" for the purposes of this Lease. During the term, Tenant shall perform all repairs to the Existing Cafeteria Equipment and the Tenant's Cafeteria Equipment at its expense as necessary to keep them in good working order and condition pursuant to the applicable provisions of Section 6.1.3 of this Lease. At the expiration or earlier termination of this Lease, Tenant may remove the Tenant's Cafeteria Equipment (unless permanently affixed to the Premises) in accordance with the provisions of Section 6.1.9 hereof. Tenant shall not be required to remove the Existing Cafeteria Equipment.

WITNESS the execution hereof under seal on the day and year first above written:

Landlord:

CROWNVIEW LLC

By: Nordic Holdings III LLC, Manager

By: /s/ Peter C. Nordblom
Peter C. Nordblom, Manager

By: /s/ Ogden Hunnewell
Ogden Hunnewell, Manager

Tenant:

SSB REALTY LLC

By: /s/ [ILLEGIBLE]

Its: President

EXHIBIT A

The land with the buildings thereon situated in Quincy, Norfolk County, Massachusetts and shown as Lot 13 on a plan entitled "Crown Colony Place, Quincy, MA, Subdivision Plan" dated March 29, 1988 by H. W. Moore Associates, Inc., Engineers and Planners, Boston, MA ("Lot 13" and the "Plan" respectively) recorded with Norfolk County Registry of Deeds ("Deeds") as Plan No. 530 of 1988 in Plan Book 368.

Beginning at a point on the Southwesterly side of Crown Colony Drive, being the Northerly corner of said Lot 13 and thence running.

Southeasterly and Easterly by Crown Colony Drive by a line curving to the left having a radius of 645.00 feet, a distance of 647.03 feet; thence turning and running

South 00 degrees 51' 42" East 19.46 feet; thence continuing

Southeasterly and Easterly by a line turning to the left having a radius of 385.00 feet, a distance of 221.09 feet; thence continuing

South 33 degrees 45' 52" East 324.95 feet; thence turning and running

South 67 degrees 32' 52" West 234.04 feet; thence turning and running

North 75 degrees 21' 07" West 88.44 feet; thence turning and running

North 26 degrees 42' 08" West 93.47 feet; thence turning and running

North 49 degrees 49' 37" West 79.83 feet; thence continuing

North 74 degrees 25' 51" West 135.99 feet; thence continuing

North 74 degrees 12' 41" West 150.68 feet; thence continuing

North 53 degrees 41' 24" West 284.55 feet; thence turning and running

North 86 degrees 03' 17" West 66.86 feet; thence continuing

South 63 degrees 43' 53" West 69.14 feet; thence turning and running

North 45 degrees 00' 00" West 91.92 feet; thence turning and running

North 05 degrees 44' 20" East 229.44 feet; thence turning and running

North 50 degrees 46' 37" East 411.62 feet to the point of beginning, the last fifteen course being by Lot 1 as shown on the Plan.

Said Lot 13 being a subdivision of Lot 1 as shown on a plan untitled "Subdivision Plan of Land 'Crown Colony Place' Quincy, MA" dated May 18, 1987 by Harry R. Feldman, Inc. recorded as Plan No. 53 of 1988 in Plan Book 3654.

Appurtenant Rights

All the rights and easements for the benefit of Owners in Crown Colony Place set forth in a Declaration of Covenants, Restrictions, Development Standard and Easements ("Declaration of Covenants") for Crown Colony Place by Crown Colony Realty Corp., as Trustee of Presidents' Plaza Realty Trust dated October 10,

1986 recorded in Book 7281, Page 352 and filed as Document No. 503941, as amended by First Amendment to Declaration of Covenants, Restrictions, Development Standards and Easements dated October 30, 1987 recorded in Book 7864, Page 493 and filed as Document No. 538949, as amended by Second Amendment to Declaration of Covenants, Restrictions, Development Standards and Easements dated as of February 4, 1988 recorded in Book 7978, Page 368 and filed as Document No. 545752, as amended by Succession Developer under Declaration of Covenants, Restrictions, Development Standards and Easements dated January 21, 1988 and recorded in Book 7864, Page 501 and filed as Document No. 538953 and as modified by Easement Relocation Instrument dated May 26, 1988, recorded in Book 7978, Page 466 and filed as Document No. 545753 as affected by Design Review Decision dated May 26, 1988, recorded May 27, 1989 in Book 7978, Page 443, as affected by Confirmation of Easement Locations dated June 9, 1988 and filed as Document No. 550330 and recorded in Book 8066, Page 271 as amended by Third Amendment to Declaration of Covenants, Restrictions, Development Standards and Easements dated July 11, 1988 filed as Document No. 550331 and recorded in Book 8066, Page 279 as affected by a Certificate of Compliance dated September 21, 1989 recorded October 5, 1989 in Book 8451, Page 543 and as further affected by an Estopple Certificate dated as of September 21, 1989 recorded October 5, 1989 in Book 8451, Page 541 as amended by Fourth Amendment to Declaration of Covenants, Restrictions, Development Standards and Easement dated June 29, 1989, recorded October 5, 1989 in Book 8451, Page 423 and filed as Document No. 575918, and as amended by Fifth Amendment to Declaration of Covenants Restrictions Development Standards and Easements dated as of September 21, 1989 recorded October 5, 1989 in Book 8451, Page 430 and filed as Document No. 575919.

The right in common with Quincy One Associates Limited Partnership, and its successors and assigns, to lay, construct, reconstruct, repair, replace, operate, maintain, install and use water and sewer pipes, electric and telephone utility lines, and other utility lines or pipes, underground within the arc shown on the Plan as "Utility Easement Area = 2,457 S.F. - ,056 A.C." as set forth in a deed from Quincy One Associates Limited Partnership to Edward A. Fish, et als, dated May 26, 1988 recorded with said Deeds on May 27, 1988 as Instrument No. 42521 Book 7978 Page 376.

Rights reserved for the benefit of "Grantor's Other Land" in deed dated March 5, 1985 from Crown Colony Realty Corp, as Trustee of President's Plaza Realty Trust to K. Prescott Low, as Trustee of Low Realty Trust, recorded in Book 6633, Page 320 and filed as Document No. 464286.

Rights granted in deed from K. Prescott Low, as Trustee of Low Realty Trust, to Crown Colony Realty Corp., as Trustee of President's Plaza Realty Trust dated March 5, 1985 recorded in Book 6633, Page 310.

Easements granted in an Easement Agreement between Quincy One Associates Limited Partnership and 1200 Crown Colony Limited Partnership, dated June 19, 1991 recorded in Book 8961, Page 515.

All other rights and easements which may be appurtenant to Lot 13.

For title see deed recorded with Norfolk Registry of Deeds in Book 13785, Page 405 and filed with the Northfolk Land Registration Office as Document No. 142271.

EXHIBIT 10.90

AGREEMENT FOR PURCHASE AND SALE OF PROPERTY FOR

IKON BUILDINGS

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

THIS AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY (the "Agreement"), is made and entered into as of the 23/rd/ day of July, 2001, by and between SV RESERVE, L.P., a Texas limited partnership ("Seller") and WELLS CAPITAL, INC., a Georgia corporation ("Purchaser").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, Seller desires to sell and Purchaser desires to purchase the Property (as hereinafter defined) subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises, the mutual agreements contained herein, the sum of Ten Dollars ($10.00) in hand paid by Purchaser to Seller at and before the sealing and delivery of these presents and for other good and valuable consideration, the receipt, adequacy, and sufficiency which are hereby expressly acknowledged by the parties hereto, the parties hereto do hereby covenant and agree as follows:

1. Purchase and Sale of Property. Subject to and in accordance with the terms and provisions of this Agreement, Seller hereby agrees to sell to Purchaser and Purchaser hereby agrees to purchase from Seller, the Property, which term "Property" shall mean and include the following:

(a) all that tract or parcel of land (the "Land") located in Houston, Texas, containing approximately 15.71 acres, having an address of 810-820 Gears Road, and being more particularly described on Exhibit "A" hereto; and

(b) all rights, privileges, and easements appurtenant to the Land, including all water rights, mineral rights, reversions, or other appurtenances to said Land, and all right, title, and interest of Seller, if any, in and to any land lying in the bed of any street, road, alley, or right-of-way, open or proposed, adjacent to or abutting the Land; and

(c) all buildings, structures, and improvements situated on the Land, including, without limitation, two (2) office buildings containing approximately 157,790 square feet of leasable space, the parking areas containing approximately 851 parking spaces and other amenities located on the Land, and all apparatus, built-in appliances, equipment, pumps, machinery, plumbing, heating, air conditioning, electrical and other fixtures located on the Land (all of which are herein collectively referred to as the "Improvements"); and

(d) all personal property now owned by Seller and located on the Land and Improvements ("Personal Property"); and

(e) all of Seller's right, title, and interest, as landlord or lessor, in and to that certain lease agreement with IKON Office Solutions, Inc. (the "Tenant"), dated December 17, 1999, together with all modifications and amendments thereto (the "Lease"); and

(f) all of Seller's right, title, and interest in and to the plans and specifications with respect to the Improvements and any guarantees, trademarks, rights of copyright, warranties, or other rights related to the ownership of or use and operation of the Land, Personal Property, or Improvements, all governmental licenses and permits, and all intangibles associated with the Land, Personal Property, and Improvements, including the name of the Improvements and the logo therefor, if any.

2. Earnest Money. Within two (2) business days after the full execution of this Agreement, Purchaser shall deliver to Heritage Title Company, as agent for Chicago Title Insurance Company ("Escrow Agent"), whose offices are at 98 San Jacinto Boulevard, Suite 400, Austin, Texas 78701, Attention: John Bruce, Purchaser's check, payable to Escrow Agent, in the amount of $250,000.00 (the "Earnest Money"), which Earnest Money shall be held and disbursed by Escrow Agent in accordance with this Agreement. The Earnest Money shall be paid by Escrow Agent to Seller at Closing (as hereinafter defined) and shall be applied as a credit to the Purchase Price (as hereinafter defined), or shall otherwise be paid to Seller or refunded to Purchaser in accordance with the terms of this Agreement. All interest and other income from time to time earned on the Earnest Money shall remain with and become a part of the Earnest Money.

3. Purchase Price. Subject to adjustment and credits as otherwise specified in this Agreement, the purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be TWENTY MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($20,650,000.00). The Purchase Price shall be paid by Purchaser to Seller at the Closing (as hereinafter defined) by cashier's check or by wire transfer of immediately available federal funds, less the amount of Earnest Money and subject to prorations, adjustments and credits as otherwise specified in this Agreement. If Seller has not received good funds by 2:00 p.m. Atlanta, Georgia time on the date of Closing, the adjustments to the Purchase Price shall be re-prorated as of the first business day following such date of Closing.

4. Purchaser's Inspection and Review Rights. Subject to the rights of the Tenant, Purchaser and its agents, engineers, or representatives, with Seller's reasonable, good faith cooperation, shall have the privilege of going upon the Property as needed to inspect, examine, test, and survey the Property at all reasonable times and upon reasonable prior notice and from time to time. Purchaser hereby agrees to indemnify, defend and hold Seller harmless from any liens, claims, liabilities, and damages incurred through the exercise of such privilege, and Purchaser further agrees to repair any damage to the Property caused by the exercise of such privilege. All such inspections shall be non-destructive in nature and specifically shall not include any physically intrusive testing; provided however, that if Purchaser desires to undertake such intrusive testing, Purchaser shall first obtain Seller's written approval which shall not be unreasonably withheld if Purchaser conducts such testing in accordance with commercially customary standards; and provided further that if Purchaser's Phase I Environmental Report recommends a Phase II investigation, Seller shall be entitled to withhold its consent to such investigation in its sole discretion. At all reasonable times prior to the Closing (as hereinafter defined), Seller shall make available to Purchaser, or Purchaser's agents and representatives, for review and copying, all books, records, and files in Seller's possession relating to the operation of the Property, including, without limitation, title matters, surveys, tenant files, service and maintenance agreements, and other contracts, books, records, operating statements, and other information relating to the Property; provided, however, Seller shall not be required to deliver or make available to Purchaser any appraisals, budgets, strategic plans, internal analyses, information regarding the marketing of the Property for sale, attorney and accountant work product or privileged documents and/or other information which would not be relevant in connection with a customary due diligence investigation of a property comparable to the Property. Seller further agrees to provide to Purchaser prior to the date which is five (5) days after the effective date of this Agreement, to the

extent the same are in the possession of or under the control of Seller, the most current boundary and "as-built" surveys of the Land and Improvements and any title insurance policies, building inspection reports, environmental reports, certificates of occupancy, building permits, ad valorem tax bills, certificates of insurance and instruments reflecting the approval of any association governing the Property relating thereto. Seller further agrees to assist in good faith and cooperate with Purchaser in the review of the books, records, and files relating to the Property. At no cost to Seller, Seller shall request the authors of existing environmental reports to issue reliance letters addressed to Purchaser and Purchaser's lender, if any, and provide Purchaser with an introduction so Purchaser might pursue the matter. If the Closing is not consummated hereunder, Purchaser shall promptly deliver copies of all reports, surveys and other information furnished to Purchaser by third parties in connection with Purchaser's inspections of the Property; provided however, that the delivery of such copies and information shall be without warranty or representation whatsoever, express or implied. Purchaser shall maintain and shall insure that Purchaser and Purchaser's consultants and contractors maintain public liability insurance and property damage insurance in an amount not less than Two Million Dollars ($2,000,000) 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 Property or any part thereof made on Purchaser's behalf and, at Seller's request, Purchaser shall furnish Sellers with appropriate certificates and endorsements reflecting Seller as an additional insured under any such insurance.

5. Special Condition to Closing. Purchaser shall have to and through August 27, 2001 (the "Inspection Period") to make investigations, examinations, inspections, market studies, feasibility studies, lease reviews, and tests relating to the Property and the operation thereof in order to determine, in Purchaser's sole opinion and discretion, the suitability of the Property for acquisition by Purchaser. Purchaser shall have the right to terminate this Agreement at any time prior to the expiration of the Inspection Period by giving written notice to Seller of such election to terminate. In the event Purchaser so elects to terminate this Agreement, Seller shall be entitled to receive and retain the sum of Twenty-Five Dollars ($25.00) of the Earnest Money, and the balance of the Earnest Money

shall be promptly refunded by Escrow Agent to Purchaser, whereupon, except as expressly provided to the contrary in this Agreement, no party hereto shall have any other or further rights or obligations under this Agreement. Seller acknowledges that the sum of $25.00 is good and adequate consideration for the termination rights granted to Purchaser hereunder.

6. General Conditions Precedent to Purchaser's Obligations Regarding the Closing. In addition to the conditions to Purchaser's obligations set forth in Paragraph 5 above, the obligations and liabilities of Purchaser hereunder shall in all respects be conditioned upon the satisfaction of each of the following conditions, any of which may be waived by written notice from Purchaser to Seller:

(a) Seller shall have complied in all material respects with and otherwise performed in all material respects each of the covenants and obligations of Seller set forth in this Agreement, as of the date of Closing (as hereinafter defined).

(b) All representations and warranties of Seller as set forth in this Agreement shall be true and correct in all material respects as of the date of Closing.

(c) The Title Company shall be prepared to issue to Purchaser upon the

Closing a fee simple owner's title insurance policy on the Land and Improvements without exceptions other than as described in paragraph 7 pursuant to the Title Commitment.

(d) Purchaser shall have received the Tenant Estoppel Certificate referred to in Paragraph 9(c) hereof, duly executed by the Tenant (as hereinafter defined) at least five (5) business days prior to Closing.

(e) Tenant shall be in possession of its premises under the Lease, and rent shall have Commenced under the Lease.

7. Title and Survey. Seller covenants and agrees that Seller shall, on or before ten (10) days after the Effective Date of this Agreement, cause Chicago Title Insurance Company, or such other such title insurance company acceptable to Purchaser (herein referred to as the "Title Company"), to deliver to Purchaser its commitment (herein referred to as the "Title Commitment") to issue to Purchaser, upon the recording of the Deed conveying title to the Property from Seller to Purchaser, the payment of the Purchase Price, and the payment to the Title Company of the policy premium therefor, an owner's policy of title insurance, in the amount of the Purchase Price, insuring good and marketable fee simple record title to the Property to be in Purchaser subject only to the Permitted Exceptions (as hereinafter defined), with affirmative coverage over any mechanic's, materialman's and subcontractor's liens. Such Title Commitment shall not contain any exception for rights of parties in possession other than an exception for the right of the Tenant under the Lease. If the Title Commitment shall contain an exception for the state of facts which would be disclosed by a survey of the Property or an "area and boundaries" exception, the Title Commitment shall provide that such exception will be deleted upon the presentation of the Texas equivalent of an ALTA/ASCM survey acceptable to Title Company, in which case the Title Commitment shall be amended to contain an exception only for the matters shown on the as-built survey which Purchaser shall obtain at its sole cost and expense. Seller shall also cause to be delivered to Purchaser together with such Title Commitment, legible copies of all documents and instruments referred to therein. Purchaser, upon receipt of the Title Commitment and the copies of the documents and instruments referred to therein, shall then have twenty (20) days during which to examine the same, after which Purchaser shall notify Seller in writing (the "Objection Notice") of any defects or objections affecting the marketability of the title to the Property. In the event the Objection Notice is not timely delivered to Seller, then except for matters arising subsequent to the effective date of the Title Commitment and Monetary Liens, Purchaser shall be deemed to have waived all other title objections and such matters which are not objected to in the Objection Notice shall be deemed a "Permitted Exception." Within five (5) days after Seller's receipt of the Objection Notice, Seller shall deliver to Purchaser a written notice (the "Response Notice") indicating whether Seller elects to cure the objections identified in the Objection Notice, except that in all events Seller shall be required to cure the following: outstanding deeds of trust and other security interests arising by, through or under Seller, undisputed mechanics and materialmen's liens, delinquent ad valorem property taxes and assessments and judgment liens ("Monetary Liens"). Failure to timely deliver a Response Notice shall be deemed to be an election by Seller not to cure any matters described in the Objection Notice. In the event Seller elects in the Response Notice not to cure any of Purchaser's objections in the Objection Notice, Purchaser may elect to terminate this Agreement and receive the Earnest Money by delivery within three (3) days after Purchaser's

receipt of the Response Notice or Seller's deemed election, of a written notice of termination (the "Election Notice"). In the event Purchaser fails to timely elect to terminate this Agreement through the delivery of an Election Notice, Purchaser shall be deemed to elect not to terminate this Agreement pursuant to this Paragraph 7, and Seller shall convey title subject to the matters set forth in the Objection Notice which Seller has not agreed to cure, provided that in all events, Seller shall cure Monetary Liens.

8. Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Purchaser, each of which shall be deemed material:

(a) Lease. Attached hereto as Exhibit "C" is a true and accurate copy of the Lease, which is the only lease in effect relating to the Property. Seller is the "landlord" under the Lease and owns unencumbered legal and beneficial title to the Lease and the rents and other income thereunder, subject only to the collateral assignment of the Lease and the rents thereunder in favor of the holder of an existing mortgage or deed of trust encumbering the Property, which mortgage or deed of trust shall be cancelled and satisfied by Seller at the Closing.

(b) Lease - Assignment. To the Seller's actual knowledge, the Tenant has not assigned its interest in the Lease or sublet any portion of the premises leased to the Tenant under the Lease.

(c) Lease - Default. (i) Seller has not received any written notice of termination or default under the Lease, (ii) there are no existing or uncured defaults by Seller or to Seller's actual knowledge by the Tenant under the Lease, (iii) to Seller's actual knowledge, there are no events which with the passage of time or notice, or both, would constitute a default by Seller or by the Tenant, and Seller has complied with each and every undertaking, covenant, and obligation of Seller under the Lease required through the date hereof, and (iv) to Seller's actual knowledge, Tenant has not asserted in writing any defense, set-off, or counterclaim with respect to its tenancy or its obligation to pay rent, additional rent, or other charges pursuant to the Lease.

(d) Lease - Rents and Special Consideration. Tenant : (i) has not prepaid rent for more than the current month under the Lease, (ii) has not received and is not entitled to receive any rent concession in connection with its tenancy under the Lease other than as described in the Lease, (iii) is not entitled to any special work (not yet performed), or consideration (not yet given) in connection with its tenancy under the Lease, and (iv) does not have any deed, option, or other evidence of any right or interest in or to the Property, except for the Tenant's tenancy as evidenced by the express terms of the Lease. This representation shall not survive Closing if and to the extent such matters are covered in the Tenant Estoppel Certificate.

(e) Lease - Commissions. No rental, lease, or other commissions with respect to the Lease are payable to Seller, any partner of Seller, any party affiliated with or related to Seller or any partner of Seller or any third party whatsoever, except any such commissions which have been cashed-out and paid and satisfied in full by Seller or by Seller's predecessor in title to the Property.

(f) Lease - Acceptance of Premises. (i) Tenant has accepted its leased premises located within the Property, including any and all work performed therein or thereon pursuant to the Lease, (ii) Tenant is in full and complete possession of its premises under the Lease, and (iii) Seller has not received any written notice from the Tenant that the Tenant's premises are not in full compliance with the terms and provisions of Tenant's Lease or are not satisfactory for Tenant's purposes.

(g) No Other Agreements. Other than the Lease, the Permitted Exceptions and those matters, if any, described on Exhibit "B" hereto, there are no leases, service contracts, management agreements, or other agreements or instruments in force and effect, oral or written, to which

Seller is a party and that grant to any person whomsoever or any entity whatsoever any right, title, interest or benefit in or to all or any part of the Property or any rights relating to the use, operation, management, maintenance, or repair of all or any part of the Property.

(h) No Litigation. There are no actions, suits, or proceedings pending, or, to Seller's actual knowledge, threatened by any organization, person, individual, or governmental agency against Seller with respect to the Property or against the Property. Seller has no knowledge of any pending or threatened

application for changes in the zoning applicable to the Property or any portion thereof.

(i) Condemnation. No condemnation or other taking by eminent domain of the Property or any portion thereof has been instituted and, to Seller's actual knowledge, there are no pending or threatened condemnation or eminent domain proceedings (or proceedings in the nature or in lieu thereof) affecting the Property or any portion thereof or its use.

(j) Intentionally Omitted.

(k) No Assessments. To Seller's actual knowledge, no assessments have been made against the Property that are unpaid, whether or not they have become liens.

(l) Condition of Improvements. To the best of Seller's actual knowledge, there are no latent structural or other defects, in the Improvements. This representation shall not survive Closing if and to the extent such matters are covered in the Tenant Estoppel Certificate.

(m) Certificates. There has been no written notice or request of any municipal department, insurance company or board of fire underwriters (or organization exercising functions similar thereto), or mortgagee directed to Seller and requesting the performance of any work or alteration to the Property which has not been complied with.

(n) Violations. Seller has received no written notice of any violations of law, municipal or county ordinances, or other legal requirements with respect to the Property.

(o) Intentionally Omitted.

(p) Intentionally Omitted.

(q) Bankruptcy. Seller is "solvent as said term is defined by bankruptcy law" and has not made a general assignment for the benefit of creditors nor been adjudicated a bankrupt or insolvent, nor has a receiver, liquidator, or trustee for any of Seller's properties (including the Property) been appointed or a petition filed by or against Seller for bankruptcy, reorganization, or arrangement pursuant to the Federal Bankruptcy Act or any similar Federal or state statute, or any proceeding instituted for the dissolution or liquidation of Seller.

(r) Pre-existing Right to Acquire. No person or entity has any right

or option to acquire the Property or any portion thereof which will have any force or effect after the execution of this Agreement, other than Purchaser.

(s) Effect of Certification. To the best of Seller's knowledge, neither this Agreement nor the transactions contemplated herein will constitute a breach or violation of, or default under, or will be modified, restricted, or precluded by the Lease or the Permitted Exceptions.

(t) Authorization. Seller is a duly organized and validly existing limited partnership under the laws of the State of Texas. This Agreement has been duly authorized and executed on behalf of Seller and constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms, and all necessary action on the part of Seller to authorize the transactions herein contemplated has been taken, and no further action is necessary for such purpose.

(u) Seller Not a Foreign Person. 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.

(v) Intentionally Omitted.

(w) Contracts. Other than the Lease and the Permitted Exceptions, there are no and Seller shall not enter into any service, management or maintenance contracts which are not terminable by Seller (or, after the Closing Date, by Purchaser) upon not more than thirty (30) days notice, or which, by their

terms, have been fully performed, complied with or terminated (and are of no further force or effect) on or as of the Closing Date.

(x) Knowledge Defined. References to the "knowledge" of Seller shall refer only to the actual knowledge of the Designated Employees (as hereinafter defined) of The Brookdale Group and shall not be construed, by imputation or otherwise, to refer to the knowledge of any affiliate, to any property manager, or to any other officer, agent, manager, representative or employee of The Brookdale Group, or to impose upon such Designated Employee any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. As used herein, the term "Designated Employee" shall refer to C.L. Davidson, III, Fred H. Henritze, Seabie W. Hickson, David Hendrickson and Patrick Walsh.

(y) Representations and Warranties. The representations and warranties of Seller set forth in this Section 8 as updated by the certificate of Sellers to be delivered to Purchaser at Closing shall survive Closing for a period of one (1) year. No claim for a breach of any representation or warranty of Seller shall be actionable or payable (a) if the breach in question results from or is based on a condition, state of facts or other matter which was known to Purchaser prior to Closing, (b) unless the valid claims for all such breaches collectively aggregate more than Fifty Thousand Dollars ($50,000), in which event the full amount of such valid claims shall be actionable, up to but not exceeding the amount of the Cap (as defined below), and (c) unless written notice containing a description of the specific nature of such breach shall have been given by Purchaser to Seller prior to the expiration of said ninety (90)-day period and an action shall have been commenced by Purchaser against Seller within

one hundred eighty (180) days of Closing. As used herein, the term "Cap" shall mean the total aggregate amount of $2,000,000. In no event shall Seller's aggregate liability to Purchaser for breach of any representation or warranty of Seller in this Agreement or the certificate to be delivered by Seller at Closing pursuant to this Section 8 exceed the amount of the Cap.

At Closing, Seller shall represent and warrant to Purchaser that all representations and warranties of Seller in this Agreement remain true and correct as of the date of the Closing, except for any changes in any such representations or warranties that occur and are disclosed by Seller to Purchaser expressly and in writing at any time and from time to time prior to Closing upon their occurrence, which disclosures shall thereafter be updated by Seller to the date of Closing. If there is any material change in any representations or warranties and Seller does not cure or correct such changes prior to Closing, then Purchaser may, at Purchaser's option, (i) close and consummate the transaction contemplated by this Agreement, or (ii) terminate this Agreement by written notice to Seller, whereupon the Earnest Money shall be immediately returned by Escrow Agent to Purchaser, and thereafter the parties hereto shall have no further rights or obligations hereunder, except only (1) for such rights or obligations that, by the express terms hereof, survive any termination of this Agreement, and (2) that Purchaser shall have the right to seek monetary damages from Seller for any changes in such representations and warranties intentionally and willfully caused by Seller or any such representations and warranties intentionally and willfully breached by Seller and not within the actual knowledge of Purchaser at the time of Closing.

ACKNOWLEDGING PURCHASER'S OPPORTUNITY TO INSPECT THE PROPERTY, PURCHASER AGREES TO TAKE THE PROPERTY "AS IS" WITH ALL FAULTS AND CONDITIONS THEREON, SUBJECT, HOWEVER, TO THE REPRESENTATIONS AND WARRANTIES OF SELLER MADE IN THIS AGREEMENT. EXCEPT FOR ANY SPECIFIC REPRESENTATION OR WARRANTY MADE BY SELLER IN THIS AGREEMENT, PURCHASER ACKNOWLEDGES AND AGREES (I) THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, (C) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, OR (D) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, AND (II) THAT NEITHER SELLER NOR ANY OF SELLER'S EMPLOYEES, AGENTS OR ATTORNEYS NOR ANY OF THEIR RESPECTIVE DIRECT OR INDIRECT PARTNERS, NOR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, ADVISORS,

EMPLOYEES, AGENTS, TRUSTEES, SHAREHOLDERS, BENEFICIARIES, CONTRACTORS OR REPRESENTATIVES ARE MAKING OR SHALL BE DEEMED TO HAVE MADE ANY EXPRESS IMPLIED REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE.

9. Seller's Additional Covenants. Seller does hereby further covenant and agree as follows:

(a) Operation of Property. Seller hereby covenants that, from the date of this Agreement up to and including the date of Closing, Seller shall: (i) not negotiate with any third party respecting the sale of the Property or any interest therein, (ii) not modify, amend, or terminate the Lease or enter into any new lease respecting the Property, (iii) not grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Property, and (iv) cause the Property to be operated, maintained, and repaired in the same manner as the Property is currently being operated, maintained, and repaired.

(b) Preservation of Lease. Seller shall, from and after the date of this Agreement to the date of Closing, use its good faith efforts to perform and discharge all of the duties and obligations and shall otherwise comply with every covenant and agreement of the landlord under the Lease, at Seller's expense, in the manner and within the time limits required thereunder, including, without limitation, those actions necessary to place Tenant in possession and commence the payment of rent. Furthermore, Seller shall, for the same period of time, take such actions as are reasonably necessary to enforce the terms and provisions of the Lease. Seller hereby agrees that from and after full execution of this Agreement, Seller shall not credit any portion of the security deposit, if any, against defaults or delinquencies of the Tenant under the Lease.

(c) Tenant Estoppel Certificate. Seller shall use commercially reasonable efforts to obtain and deliver to Purchaser on or before five (5) business days prior to Closing a fully completed estoppel certificate with respect to the Lease in substantially the form of Exhibit "D" (the "Tenant Estoppel Certificate"), duly executed by the Tenant thereunder. The Tenant Estoppel Certificate shall be executed as of a date not more than thirty (30) days prior to Closing. Purchaser agrees to accept a form which does not contain paragraphs 15 and 16 so long as Seller submits a bona fide request therefore to Tenant.

(d) Insurance. From and after the date of this Agreement to the date and time of Closing, Seller shall, at its expense, cause to be maintained in full force and effect the insurance coverage currently in effect on the Property.

(e) Covenant to Satisfy Conditions; Effect of Failure to Satisfy. Seller hereby agrees to use commercially reasonable efforts to cause each of the conditions precedent to the obligations of Purchaser to be fully satisfied, performed and discharged, on and as of the Closing Date.

10. Closing. Provided that all of the conditions set forth in this Agreement are theretofore fully satisfied or performed, it being fully understood and agreed, however, that Purchaser may expressly waive in writing, at or prior to Closing, any conditions that are unsatisfied or unperformed at such time, the consummation of the sale by Seller and purchase by Purchaser of the Property (herein referred to as the "Closing") shall be held at 2:00 p.m., local time, on September 17, 2001, at the offices of Title Company, or at such earlier time as shall be agreed by the parties.

11. Seller's Closing Documents. For and in consideration of, and as a condition precedent to, Purchaser's delivery to Seller of the Purchase Price described in Paragraph 3 hereof, Seller shall obtain or execute, at Seller's expense, and deliver to Purchaser at Closing the following documents (all of which shall be duly executed, acknowledged, and notarized where required and shall survive the Closing):

(a) Limited or Special Warranty Deed. A Limited or Special Warranty Deed (the "Deed") conveying to Purchaser marketable fee simple title to the Land and Improvements, together with all rights, easements, and appurtenances thereto, subject only to the Permitted Exceptions in form and substance reasonably acceptable to Title Company;

(b) Bill of Sale. A Bill of Sale conveying to Purchaser marketable title to the Personal

Property in the form and substance of Exhibit "F";

(c) Blanket Transfer. A Blanket Transfer and Assignment in the form and substance of Exhibit "G";

(d) Assignment and Assumption of Lease. An Assignment and Assumption of Lease in the form and substance of Exhibit "H", assigning to Purchaser all of Seller's right, title, and interest in and to the Lease and the rents thereunder;

(e) Seller's Affidavit. A customary seller's affidavit in the form required by the Title Company;

(f) FIRPTA Certificate. A FIRPTA Certificate in such form as Purchaser shall reasonably approve;

(g) Certificates of Occupancy. The original Certificates of occupancy for all space within the Improvements;

(h) Marked Title Commitment. The Title Commitment, marked to change the effective date thereof through the date and time of recording the Deed from Seller to Purchaser, to reflect that Purchaser is vested with the fee simple title to the Land and the Improvements, and to reflect that all requirements for the issuance of the final title policy pursuant to such Title Commitment have been satisfied;

(i) Keys and Records. All of the keys to any doors or locks on the Property and the original tenant files and other books and records relating to the Property in Seller's possession;

(j) Tenant Notice. Notice from Seller to the Tenant of the sale of the Property to Purchaser in such form as Purchaser shall reasonably approve;

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

(l) Association/Governing Board Estoppels. An estoppel signed by an authorized representative of any association, governing board, or other entity governing the Property addressed to Purchaser and any lender to the effect that neither the Seller nor the Property are in default under any of the applicable instruments and that current charges and/or assessments have been paid; and

(m) Other Documents. Such other documents as shall be reasonably required by Purchaser's counsel.

12. Purchaser's Closing Documents. Purchaser shall obtain or execute and deliver to Seller at Closing the following documents, all of which shall be duly

executed and acknowledged where required and shall survive the Closing:

(a) Blanket Transfer. The Blanket Transfer and Assignment;

(b) Assignment and Assumption of Lease. The Assignment and Assumption of Lease;

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

(d) Other Documents. Such other documents as shall be reasonably required by Seller's counsel.

13. Closing Costs. Seller shall pay the cost of the Title Commitment, including the cost of the examination of title to the Property made in connection therewith, and the premium for the owner's policy of title insurance issued pursuant thereto at standard rates. Seller shall pay the cost of any transfer or documentary tax imposed by any jurisdiction in which the Property is located, the attorneys' fees of Seller, and all other costs and expenses incurred by Seller in closing and consummating the purchase and sale of the Property pursuant hereto.

Purchaser shall pay the cost of any survey obtained by Purchaser, the attorneys' fees of Purchaser, and all other costs and expenses incurred by Purchaser in closing and consummating the purchase and sale of the Property pursuant hereto. Each party shall pay one-half of any escrow fees.

14. Prorations. The following items shall be prorated and/or credited between Seller and Purchaser as of Midnight preceding the date of Closing:

(a) Rents. Rents, additional rents, and other income of the Property (other than security deposits, which shall be assigned and paid over to Purchaser) collected by Seller from Tenant for the month of Closing. Purchaser shall also receive a credit against the Purchase Price payable by Purchaser to Seller at Closing for any rents or other sums (not including security deposits) prepaid by Tenant for any period following the month of Closing, or otherwise.

(b) Property Taxes. City, state, county, and school district ad valorem taxes based on the ad valorem tax bills for the Property, if then available, or if not, then on the basis of the latest available tax figures and information. Should such proration be based on such latest available tax figures and information and prove to be inaccurate upon receipt of the ad valorem tax bills for the Property for the year of Closing, either Seller or Purchaser, as the case may be, may demand at any time after Closing a payment from the other correcting such malapportionment. In addition, if after Closing there is an adjustment or reassessment by any governmental authority with respect to, or affecting, any ad valorem taxes for the Property for the year of Closing or any prior year, any additional tax payment for the Property required to be paid with respect to the year of Closing shall be prorated between Purchaser and Seller and any such additional tax payment for the Property for any year prior to the year of Closing shall be paid by Seller. This agreement shall expressly survive the Closing.

(c) Utility Charges. Except for utilities which are the

responsibility of Tenant, Seller shall pay all utility bills received prior to Closing and shall be responsible for utilities furnished to the Property prior to Closing. Purchaser shall be responsible for the payment of all bills for utilities furnished to the Property subsequent to the Closing. Seller and Purchaser hereby agree to prorate and pay their respective shares of all utility bills received subsequent to Closing, which agreement shall survive Closing.

15. Purchaser's Default. In the event of default by Purchaser under the terms of this Agreement, Seller's sole and exclusive remedy shall be to receive the Earnest Money as liquidated damages and thereafter the parties hereto shall have no further rights or obligations hereunder whatsoever. It is hereby agreed that Seller's damages will be difficult to ascertain and that the Earnest Money constitutes a reasonable liquidation thereof and is intended not as a penalty, but as fully liquidated damages. Seller agrees that in the event of default by Purchaser, it shall not initiate any proceeding to recover damages from Purchaser, but shall limit its recovery to the retention of the Earnest Money.

16. Seller's Default. In the event of default by Seller under the terms of this Agreement, including, without limitation, the failure of Seller to cure any title defects or objections, except as otherwise specifically set forth herein, at Purchaser's option: (i) if any such defects or objections constitutes a Monetary Lien, Purchaser shall have the right to cure such defects or objections, in which event the Purchase Price shall be reduced by an amount equal to the costs to satisfy, bond over or insure over such defects or objections, and upon such curing, the Closing hereof shall proceed in accordance with the terms of this Agreement; or (ii) Purchaser shall have the right to terminate this Agreement by giving written notice of such termination to Seller, whereupon Escrow Agent shall promptly refund all Earnest Money to Purchaser, and Purchaser and Seller shall have no further rights, obligations, or liabilities hereunder, except as may be expressly provided to the contrary herein; or (iii) Purchaser shall have the right to accept title to the Property subject to such defects and objections with no reduction in the Purchase Price, in which event such defects and objections shall be deemed "Permitted Exceptions"; or (iv) Purchaser may elect to seek specific performance of this Agreement. Purchaser hereby waives the right to seek and obtain damages by reason of any default by Seller except as provided in Section 8 hereof.

17. Condemnation. If, prior to the Closing, all or any part of the Property 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 Seller has received notice that any condemnation action or proceeding with respect to the Property is contemplated by a body having the power of eminent domain and in either instance

the Lease is terminable or rent thereunder may be reduced or abated, Seller shall give Purchaser immediate written notice of such threatened or contemplated condemnation or of such taking or sale, and Purchaser may by written notice to Seller given within fifteen (15) days of the receipt of such notice from Seller, elect to cancel this Agreement. If Purchaser chooses to cancel this Agreement in accordance with this Paragraph 17, then the Earnest Money shall be returned immediately to Purchaser by Escrow Agent and the rights, duties, obligations, and liabilities of the parties hereunder shall immediately terminate and be of no further force and effect. If Purchaser does not elect to cancel this Agreement in accordance herewith, this Agreement shall remain in full force and effect and the sale of the Property 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, Seller shall assign, transfer, and set over to Purchaser all of the right, title, and interest of Seller in and to any awards that have been or that may thereafter be made for such taking.

18. Damage or Destruction. If any of the Improvements shall be destroyed or damaged prior to the Closing, and the estimated cost of repair or replacement exceeds $250,000.00 or if the Lease shall terminate as a result of such damage, Purchaser may, by written notice given to Seller within fifteen (15) days after receipt of written notice from Seller of such damage or destruction, elect to terminate this Agreement, in which event the Earnest Money shall immediately be returned by Escrow Agent to Purchaser and except as expressly provided herein to the contrary, the rights, duties, obligations, and liabilities of all parties hereunder shall immediately terminate and be of no further force or effect. If Purchaser does not elect to terminate this Agreement pursuant to this Paragraph 18, or has no right to terminate this Agreement (because the damage or destruction does not exceed $250,000.00 and the Lease remains in full force and effect), and the sale of the Property is consummated, Purchaser shall be entitled to receive all insurance proceeds paid or payable to Seller by reason of such destruction or damage under the insurance required to be maintained by Seller pursuant to Paragraph 9(d) hereof (less amounts of insurance theretofore received and applied by Seller to restoration). If the amount of said casualty or rent loss insurance proceeds is not settled by the date of Closing, Seller shall execute at Closing all proofs of loss, assignments of claim, and other similar instruments to ensure that Purchaser shall receive all of Seller's right, title, and interest in and under said insurance proceeds.

19. Hazardous Substances. Seller hereby warrants and represents to the best of Seller's actual knowledge, that except as disclosed in that certain Phase I Environmental Site Assessment (the "Environmental Site Assessment"), dated October 7, 1998, prepared by Associated Environmental Consultants, Inc. (i) no "hazardous substances", as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et. seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et. seq., and the rules and regulations promulgated pursuant to these acts, any so-called "super-fund" or "super-lien" laws or any applicable state or local laws, nor any other pollutants, toxic materials, or contaminants have been discharged, disbursed, released, stored, treated, generated, disposed of, or allowed to escape on the Property by Seller in violation of applicable laws, (ii) no asbestos or asbestos containing materials have been installed, used, incorporated into the Improvements, or disposed of on the Property by Seller, (iii) no polychlorinated biphenyls are located on or in the Property, in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device or form, (iv) no underground storage tanks are located on the Property or were located on the Property and subsequently removed or filled, (v) Seller has received no written notice of an investigation, administrative order, consent order and agreement, litigation, or settlement with respect to Hazardous Substances that is proposed, threatened, or in existence with respect to the Property, and (vi) the Property has not previously been used as a landfill, cemetery, or as a dump for garbage or refuse. Seller further warrants and represents that it has no actual knowledge of any of the foregoing matters other than as set forth in the Environmental Site Assessment.

20. Assignment. Purchaser's rights and duties under this Agreement shall not be assignable except to a party under the control of controlled by or under common control with Purchaser without the consent of Seller which consent shall not be unreasonably withheld.

21. Broker's Commission. Seller has by separate agreement agreed to pay a brokerage commission to Real Estate Resource Partners ("Seller's Broker") and Purchaser has by separate agreement agreed to pay a brokerage commission to Kent Jones Company ("Purchaser's Broker") (collectively, the "Broker"). Purchaser and Seller hereby represent each to the other that they have not discussed this Agreement or the subject matter hereof with any real estate broker or agent other than the aforesaid Broker so as to create any legal right in any such

broker or agent to claim a real estate commission with respect to the conveyance of the Property contemplated by this

Agreement. Seller shall and does hereby indemnify and hold harmless Purchaser from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Seller, including any claim asserted by Broker and any broker or agent claiming under Seller's Broker or Seller. Likewise, Purchaser shall and does hereby indemnify and hold harmless Seller from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Purchaser, including any such claim asserted by Purchaser's Broker and any broker or agent claiming under Purchaser's Broker or Purchaser. This Paragraph 21 shall survive the Closing or any termination of this Agreement.

22. 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, by hand, or sent by facsimile (with confirmation of transmission) to the addresses and/or facsimile numbers set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

PURCHASER: c/o Wells Capital, Inc.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Attn: Mr. Michael C. Berndt
Facsimile: (770) 200-8199

with a copy to: O'Callaghan & Stumm LLP
127 Peachtree Street, N. E., Suite 1330
Atlanta, Georgia 30303
Attn: William L. O'Callaghan, Esq.
Facsimile: (404) 522-2002

SELLER: c/o Brookdale Group, LLC
3445 Peachtree Road, Suite 700
Atlanta, Georgia 30326
Attn: Mr. Seabie W. Hickson, III
Facsimile: (404) 364-8099

with a copy to : King & Spalding
191 Peachtree Street, N.E., Suite 4900
Atlanta, Georgia 30303
Attn: Scott J. Arnold, Esq.
Facsimile: (404) 572-5100

Any notice or other communication mailed as herein above provided shall be deemed effectively given or received on the date of delivery, if delivered by hand, by overnight courier or facsimile, or otherwise on the third (3rd) business day following the postmark date of such notice or other communication.

23. Possession. Possession of the Property shall be granted by Seller to Purchaser on the date of Closing, subject only to the Lease and the Permitted Exceptions.

24. 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.

25. Survival of Provisions. All covenants, warranties, and agreements set forth in this Agreement shall survive the execution or delivery of any and all deeds and other documents at any time executed or delivered under, pursuant to, or by reason of this Agreement, and shall survive the payment of all monies made under, pursuant to, or by reason of this Agreement for a period of one (1) year from Closing.

26. 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.

27. Authorization. Purchaser represents to Seller that this Agreement has been duly authorized and executed on behalf of Purchaser and constitutes the valid and binding agreement of Purchaser, enforceable in accordance with its terms, and all necessary action on the part of Purchaser to authorize the transactions herein contemplated has been taken, and no further action is necessary for such purpose.

28. General Provisions. No failure of either 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 either 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 the parties hereto unless such amendment is in writing and executed by all parties hereto. 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 assigns. Time is of the essence of this Agreement. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same 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 and interpreted under the laws of the State of Texas. 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.

29. Effective Date. The "effective date" of this Agreement shall be deemed to be the date this Agreement is fully executed by both Purchaser and Seller and a fully executed original counterpart of this Agreement has been received by both Purchaser and Seller.

30. Duties as Escrow Agent. In performing its duties hereunder, Escrow Agent shall not incur any liability to anyone for any damages, losses or expenses, except for its gross negligence or willful misconduct, and it shall accordingly not incur any such liability with respect to any action taken or

omitted in good faith upon advice of its counsel or in reliance upon any instrument, including any written notice or instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provision, but also as to the truth and accuracy of any information contained therein that Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by a proper person and to conform to the provisions of this Agreement. Seller and Purchaser hereby agree to indemnify and hold harmless Escrow Agent against any and all losses, claims, damages, liabilities and expenses, including reasonable costs of investigation and legal fees and disbursements, that may be imposed upon Escrow Agent or incurred by Escrow Agent in connection with its acceptance or performance of its duties hereunder as escrow agent, including without limitation, any litigation arising out of this Agreement. If any dispute shall arise between Seller and Purchaser sufficient in the discretion of Escrow Agent to justify its doing so, Escrow Agent shall be entitled to tender into the registry or custody of the clerk of the Court for the county in which the Property is located or the clerk for the United States District Court having jurisdiction over the county in which the Property is located, any or all money (less any sums required to pay Escrow Agent's attorneys' fees in filing such action), property or documents in its hands relating to this Agreement, together with such pleadings as it shall deem appropriate, and thereupon be discharged from all further duties under this Agreement. Seller and Purchaser shall bear all costs and expenses of any such legal proceedings.

[Signatures commence on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective seals to be affixed hereunto as of the day, month and year first above written.

"SELLER":

SV RESERVE, L.P., a Georgia limited partnership

By: /s/ C. L. Davidson, III
Name: C. L. Davidson. III
Its: President

"PURCHASER":

WELLS CAPITAL, INC., a Georgia corporation

By: /s/ Leo F. Wells, III
Its: President

"ESCROW AGENT":

/s/ John P. Bruce

By: /s/ John P. Bruce
Its: Commercial Escrow Officer

"SUBJECT TO THE TERMS
AND CONDITIONS CONTAINED

IN THE ATTACHED EARNEST
MONEY RECEIPT."

13

[LETTERHEAD OF HERITAGE TITLE COMPANY]

EARNEST MONEY RECEIPT

Date: July 24, 2001

RE: GF# 00010949; Simmons Vedder & Co. to TBD; Reserves A and B of Greens Crossing, Plat in 308, Page 2 Map Records of Harris County, Texas and All of that tract or parcel of land located west of Reserves A and B of Greens Crossing Section Four and west of Greens Crossing Section 8 and so

Heritage Title Company of Austin, Inc., as Escrow Agent, hereby acknowledges receipt of Purchaser's wire transfer in the amount of $250,000.00, tendered as Earnest Money to be held by Escrow Agent in accordance with the terms and conditions of the attached Agreement for the Purchase and Sale of Property. Escrow Agent does not assume and shall not incur any liability, implied or otherwise, as a result of any banking institution's dishonor of said check for any reason, or the performance or non-performance by any party to the agreement. If the check is dishonored for any reason after being deposited for collection, Escrow Agent may, at its option, notify all parties to the transaction of said dishonor, require that any replacement of dishonored check be accomplished with a Cashier's Check or deposit by wire transfer of funds, and collect any banking charges incurred by Escrow Agent as a result of said dishonor.

The Earnest Money has been deposited into The Chase Manhattan Bank, Austin, Texas. Escrow Agent shall not be liable for any interest or other charge on the funds held and shall assume no liability for the funds until said check is cleared through regular channels of banking. Escrow Agent shall not refund or invest the funds until it has received collected funds into its escrow account. Please be advised of the following critical elements associated with Escrow Agent's receipt of these funds:

In the event Purchaser has additional deposit accounts at the above referenced banking institution, the Earnest Money will be added to the total funds deposited on behalf of Purchaser so as to be included in any insurance limits. PLEASE NOTIFY ESCROW AGENT IMMEDIATELY IF THE EARNEST MONEY SHOULD BE PLACED WITH ANOTHER BANKING INSTITUTION.

This Earnest Money has been deposited into a NON-INTEREST BEARING ACCOUNT. IF THE PURCHASER SHOULD REQUEST OR THE CONTRACT REQUIRE THE EARNEST MONEY TO BE DEPOSITED INTO AN INTEREST BEARING ACCOUNT, ESCROW AGENT MUST BE CONTACTED AS ADDITIONAL REQUIREMENTS ARE NECESSARY FOR THE HANDLING OF SUCH ACCOUNTS, including Purchaser's execution of a Form W-9 and an Authorization to Invest Funds. Service Fees may be incurred for any amounts less than $5,000.00.

Escrow Agent may, at its sole option, require a written release and authorization signed by all parties before paying the Earnest Money Deposit to any or either party.

HERITAGE TITLE COMPANY OF AUSTIN, INC.

By: /s/ John P. Bruce

John P. Bruce, Commercial Escrow Officer

Fax 512/505-5021

Schedule of Exhibits

Exhibit "A" - Description of Land
Exhibit "B" - Not Used
Exhibit "C" - Copy of Lease
Exhibit "D" - Tenant Estoppel Certificate Form
Exhibit "E" - Not Used
Exhibit "F" - Bill of Sale Form
Exhibit "G" - Blanket Transfer and Assignment Form
Exhibit "H" - Assignment and Assumption of Lease Form

EXHIBIT "A"

LEGAL DESCRIPTION

The surface estate only of unrestricted Reserve "A" Block 1, RESERVE AT GREENS CROSSING, a subdivision in Harris County, Texas, according to map or plat thereof, recorded in Clerk's File No. T681583, Film Code No. 418068 of the Map Records of Harris County, Texas.

EXHIBIT 10.91

LEASE FOR IKON BUILDINGS

THE RESERVE AT GREEN'S CROSSING

LEASE AGREEMENT

BY AND BETWEEN

SV RESERVE, L.P., AS LANDLORD

AND

IKON OFFICE SOLUTIONS, INC., AS TENANT

December 17, 1999

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EXHIBITS:

Exhibit A - Land
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Exhibit C - Special Stipulations
Exhibit D - Commencement Date Agreement
Exhibit E - Work Letter Agreement
Exhibit F - Building Rules and Regulation

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into as of the 17 day of December, 1999, by and between SV RESERVE, L.P., a Georgia limited partnership ("Landlord"), whose address is 3343 Peachtree Road, N.E., Suite 510, Atlanta, Georgia 30326 and IKON OFFICE SOLUTIONS, INC., an Ohio corporation ("Tenant"), whose address is 70 Valley Stream Parkway, Malvern, PA 19355.

Subject to all of the terms, provisions, covenants and conditions of this Lease, and in consideration of the mutual covenants, obligations and agreements contained in this Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

ARTICLE I.

BASIC LEASE PROVISIONS

Landlord, for and in consideration of the rents and all other charges and payments hereunder and of the covenants, agreements, terms, provisions and conditions to be kept and performed hereunder by Tenant, demises and leases to Tenant, and Tenant hereby hires and takes from Landlord, the premises (defined below), subject to all matters hereinafter set forth and upon and subject to the covenants, agreements, terms, provisions and conditions of this Lease for the term hereinafter stated. For purposes of this Lease, the following terms shall have the meanings ascribed to them below:

Building shall mean, collectively, the two (2) buildings consisting of approximately 78,895 square feet each, or 157,790 square feet total, situated upon the Land (hereinafter defined) commonly known as The Reserve at Green's Crossing located at 810 ("Building A") and 820 ("Building B") Gears Road, Houston, County of Harris, State of Texas, respectively, as the same currently exists or as it may from time to time hereafter be expanded or modified. The term "Buildings" shall mean Building A and Building B.

Commencement Date shall mean May 1, 2000.

Land shall mean that certain tract of land situated in Harris County, Texas and more particularly described on Exhibit A attached hereto and hereby made a part hereof.

Lease Year shall mean each consecutive twelve (12) month period during the Term commencing with the Commencement Date.

Premises shall have the meaning set forth in Section 2.1 of this Lease.

Prepaid Rent shall mean the amount of $66,567.66 for the first month of the Term.

Project shall mean the Building, together with the Land, the parking area serving the Building, all other improvements situated on the Land or directly benefiting the Building, and all additional facilities or improvements directly benefiting the Building that may be constructed in subsequent years.

Term shall mean one hundred twenty (120) months commencing on May 1, 2000.

ARTICLE II.

Section 2.1 Premises. The Premises demised by this Lease consist of all of Building A consisting of 78,895 rentable square feet (the "Phase I Space") (See Exhibit B), approximately 30,000 rentable square feet of space in Building B (the "Phase II Space") (See Exhibit B) and approximately 32,000 additional rentable square feet of space in Building B (the "Phase III Space") (See Exhibit B) (collectively, the "Premises") for a total of 140,895 rentable square feet of area. The Premises are shown on the site plan attached as Exhibit B, and are hereby made a part hereof by this reference. All square footage utilized in this Lease has been, or will be as to future space made, in accordance with "Standard Method for Measuring Floor Area in Office Buildings", published by the Secretariat, Buildings Owners and Managers Association International (ANSI/BOMA Z65.1-1996), approved June 7, 1996. Unless otherwise specifically designated, all references to square footage or square feet in this Lease are to rentable square footage or square feet. It is understood between both parties that for purposes of the Lease Agreement, there shall be no add on factor. Notwithstanding the foregoing, Landlord and Tenant acknowledge and agree that the portion of the Premises located in Building B includes an electrical room. For purposes of determining the rentable area of the Premises, the Premises has only been allocated a pro rata share of the square footage of the electrical room based upon the rentable area of the balance of the Premises in Building B as compared to the rentable area of Building B. Further, Tenant agrees that although such electrical room is included within the Premises, such room shall remain a common area of the Building and shall be under Landlord's sole control and Landlord shall have access to and from such electrical room and shall have the right to utilize parts of the Premises for Landlord's use of and access to the electrical room. Within thirty (30) days after the Phase II Commencement Date (as that term is hereinafter defined) and the Phase III Commencement Date (as that term is hereinafter defined), Landlord shall have the right with Gensler, Tenant's architect, to remeasure the Phase II Space and the Phase III Space in accordance with the foregoing standard and if determined by Landlord to be different than the rentable square footage of the Phase II Space and the Phase III Space described above, then the rentable square footage of the Premises and all payments of Base Rent, Additional Rent and other sums hereunder shall be adjusted accordingly. Tenant shall have

the right to decrease the rentable area of the Phase II Space and the Phase III Space subject to the following terms and conditions:

(i) Such right shall be exercised by Tenant, if at all, on or before February 1, 2000 by written notice to Landlord;

(ii) Landlord and Tenant must agree upon the demising lines for the Phase II Space and the Phase III Space within ten (10) days after Tenant's election to adjust;

(iii) Tenant shall have no right to decrease the total rentable area of the Premises to less than 135,000; and

(iv) The Phase II Space and the Phase III Space must be contiguous along the entire common demising line.

In the event that either (i) Landlord elects to remeasure the Premises using Tenant architect, Gensler, as provided hereinabove, or (ii) Tenant elects to decrease the rentable area of the Premises, then the rentable area of the Premises shall be automatically adjusted in this Lease for all purposes as well as Base Rent, Tenant's Pro Rata Share, the Tenant Improvement Allowance and all other amounts herein which vary with the rentable square feet of the Premises.

In the event that Tenant leases less than all of the Project, Landlord covenants and agrees to lease the balance of the Project to other third party office

tenants whose uses are consistent with the use and operation of the Project and other similarly situated office buildings in the vicinity.

Section 2.2 Term. The Term of this Lease shall begin on the Commencement Date and shall continue in full force and effect for the Term of this Lease unless extended or sooner terminated in accordance with the provisions of this Lease. Notwithstanding the foregoing, Rent due hereunder with respect to the Phase II Space shall not begin until the earlier of (i) July 1, 2000 or (ii) the date Tenant begins use and beneficial occupancy of the Phase II Space (the "Phase II Commencement Date") and Rent due hereunder with respect to the Phase III Space shall not begin until the earlier of (a) September 1, 2000 or (b) the date Tenant begins use and beneficial occupancy of the Phase III Space (the "Phase III Commencement Date"), subject, however, to the terms of Special Stipulation No. 2 in Exhibit C of this Lease. After the occurrence of the Phase II Commencement Date, Tenant and Landlord shall execute a certificate in the form attached hereto as Exhibit D stipulating and agreeing to the Phase II Commencement Date and after the occurrence of the Phase III Commencement Date, Tenant and Landlord shall execute a certificate in the form attached hereto as Exhibit D stipulating and agreeing to the Phase III Commencement Date. Landlord acknowledges and agrees that use and beneficial occupancy of the Premises shall not include construction and construction related activities such as the storing of construction materials.

Section 2.3 Use. The Premises are to be used only for general office purposes which shall include, but not be limited to, employee training, employee lunch room and/or kitchen facilities (including vending machines for Tenant's use only), printing facilities and incidental storage and warehouse facilities relating thereto, meeting and conference rooms, operation of an employee cafeteria, operation of an employee delicatessen (solely for the use of Tenant's employees and guests), telecommunication facility, data processing and computer facilities and equipment and for no other business or purpose without the prior written consent of Landlord which consent shall not be unreasonable withheld, delayed or conditioned, provided such use is consistent with the use of similarly situated office buildings in the area. No act shall be done in or about the Premises that is unlawful or that will increase the existing rate of insurance on the Building. In the event of a breach of this covenant, Tenant shall immediately cease the performance of such unlawful act or such act that is increasing or has increased the existing rate of insurance and shall pay to Landlord any and all increases in insurance premiums resulting from such breach. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance or other act or thing which disturbs the quiet enjoyment of any other tenant in the Building. If any of Tenant's office machines or equipment unreasonably disturb any other tenant in the Building, then Tenant shall provide adequate insulation, or take such other action as may be necessary to eliminate the noise or disturbance at its sole cost and expense. Tenant shall not, without Landlord's prior consent except as outlined and specifically agreed to within this Lease, install any equipment, machine, device, tank or vessel which is subject to any federal, state or local permitting requirement. Tenant, at its expense, shall comply with all applicable laws, statutes, ordinances and governmental rules, regulations or requirements governing the installation, operation and removal of any such equipment, machine, device, tank or vessel. Tenant, at its expense, shall comply with all applicable laws, statutes, ordinances, governmental rules, regulations or requirements, and the applicable provisions of any recorded documents now existing or hereafter in effect relating to its use, operation or occupancy of the Premises and shall observe such reasonable rules and regulations as may be adopted and made available to Tenant by Landlord from time to time for the safety, care and cleanliness of the Premises or the Building and for the preservation of good order therein. The current rules and regulations for the Building are attached hereto as Exhibit F. Without limiting the foregoing, Tenant agrees to be wholly responsible at Tenant's sole cost and expense for any accommodations or alterations which need to be made to the interior of the

Premises to comply with the provisions of the Americans With Disabilities Act of 1990, as amended. Landlord shall be wholly responsible at Landlord's sole cost and expense (subject to reimbursement pursuant to and in accordance with the terms of Section 3.2 of this Lease, if applicable) for any accommodations or alterations which need to be made to the exterior of the Premises and/or the Project to comply with the provisions of the Americans with Disabilities Act of 1990, as amended, and the Texas Accessibility Standards, except for any accommodations or alterations required by Tenant's Work (as that term is defined in Exhibit E) or Tenant's particular use of the Premises. Notwithstanding the foregoing, Landlord shall be responsible, at its sole cost and expense (not subject to any reimbursement hereunder), for the completion of the Building in compliance with all applicable laws, ordinances, rules and regulations.

ARTICLE III.

Section 3.1 Rental Payments.

(a) Base Rent. Commencing on the Commencement Date and continuing thereafter throughout the Term, Tenant shall pay the Base Rent described in this paragraph, which is due and payable each Lease Year during the Term hereof in twelve (12) equal installments on the first (1st) day of each calendar month during the Term, and Tenant shall make such installments to Landlord at Landlord's address specified in this Lease (or such other address as may be designated by Landlord from time to time) monthly in advance. Base Rent during the Term shall be as follows:

Months of Term	Base Rent Per Rentable Square Foot	Base Rent Annually	Base Rent Monthly
1 - 2	$10.125	$ 798,811.87	$ 66,567.66
3 - 4	$10.125	$1,102,561.80	$ 91,880.15
5 - 9	$10.125	$1,426,561.80	$118,880.15
10 - 60	$12.775	$1,799,993.60	$149,994.46
61 - 120	$14.125	$1,990,141.80	$165,845.15

Base Rent is subject to adjustment as provided in Section 2.1 above. So long as Tenant is not then in default under this Lease, in the event Tenant has paid Landlord any Prepaid Rent such Prepaid Rent shall be applied to the first (1st) monthly installment of Base Rent due hereunder.

(b) Partial Month. If the Commencement Date is other than the first (1st) day of a calendar month or if this Lease expires or terminates on a day other than the last day of a calendar month, then the installments of Base Rent for such month or months shall be prorated based upon multiplying the applicable Base Rent by a fraction, the numerator of which shall be the number of days of the Term occurring during said commencement or termination month, as the case may be, and the denominator of which shall be the number of days in such month.

(c) Payment; Late Charge; Past Due Rate. The Base Rent, the Additional Rent (hereinafter defined), any Prepaid Rent and any and all other payments, which Tenant is obligated to make to Landlord under this Lease, shall constitute and are sometimes hereinafter collectively referred to as "Rent". Tenant shall pay all Rent and other sums of money as shall become due from and payable by Tenant to Landlord or to such other person or persons as may be designated by notice from Landlord to Tenant from time to time in lawful money of the United States of America at the times and in the manner provided in this Lease, without

demand, deduction, abatement, setoff, counterclaim or prior notice. Tenant hereby acknowledges that late payment to Landlord of Rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. If any Rent or other sum due to Landlord from Tenant is not received on or before five (5) days after its due date, then Tenant shall pay to Landlord immediately upon Landlord's demand therefor a late charge in an amount equal to three percent (3%) of such overdue amount, plus any reasonable attorneys' fees and costs incurred by Landlord by reason of Tenant's failure to pay Rent and other charges when due hereunder; provided, however, if Tenant fails to pay Base Rent hereunder within such 5-day period more than twice in any Lease Year, then thereafter such late charge shall be assessed immediately upon Tenant's failure to pay on or before the due date for any such Base Rent.

Section 3.2 Additional Rent.

(a) Definitions:

(i) "Operating Expenses" means all reasonable expenses, costs and
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disbursements of every kind and nature relating to or incurred or paid by or on behalf of Landlord in connection with the ownership and operation of the Project, (excluding all such expenses, costs and disbursements paid directly by Tenant), computed on an accrual basis in accordance with generally accepted accounting principles consistently applied, including but not limited to the following:

(A) wages and salaries of all persons directly engaged in the operation, maintenance, security, or access control of the Project, including all taxes, insurance and benefits relating thereto (to the extent that persons are engaged with respect to more than one building, wages and salaries relating to such persons shall be equitably apportioned between all such buildings including the Building, based upon the relative time spent on each building);

(B) the actual cost of all supplies, tools, equipment and materials used in the operation and maintenance of the Project, including rental fees for the same, if such items are not purchased and amortized pursuant to this Section 3.2 below;

(C) the actual cost of all utilities for the Project, including but not limited to the cost of water and power, heating, lighting, air conditioning and ventilating (excluding those costs billed to specific tenants) of the Building and Project;

(D) the actual cost of all maintenance and service agreements for the Project which shall be competitively bid and the equipment therein, including but not limited to alarm service, security service, access control, landscaping, window cleaning, pest control, and exterior cleaning and sweeping service;

(E) the actual cost of repairs and general maintenance, excluding repairs and general maintenance paid by proceeds of insurance, by Tenant or by other third parties, and alterations attributable solely to tenants of the Building;

(F) amortization (together with reasonable financing charges) of the cost of capital investment items which are installed after completion of construction of the Premises for the purpose of reducing operating expenses, promoting safety, complying with governmental requirements or maintaining the quality of the Building;

(G) the cost of all insurance relating to the Project (Landlord agreeing to carry insurance with such coverages and in such amounts as is customarily carried by other owners of similarly situated office buildings) and the cost of reasonable deductibles paid on claims made by Landlord;

(H) Landlord's and/or Landlord's managing agent's accounting costs applicable to the Project;

(I) all reasonable property management fees directly applicable to the Project; and

(J) All taxes, assessments and governmental charges, whether or not directly paid by Landlord, whether federal, state, county or municipal and whether they are imposed by taxing districts or authorities currently taxing the Project or by others subsequently created or otherwise, and any other taxes and assessments, assessed against or attributable to the Project or its operation, excluding, however, federal and state taxes on income, death taxes, franchise taxes and any taxes imposed or measured on or by the income of Landlord from the operation of the Project together with the reasonable cost (including attorneys, consultants and appraisers) of any negotiation, contest or appeal pursued by Landlord in an effort to reduce any such tax, assessment or charge ("Real Estate Taxes"); provided, however, that if at any time during the Term the present method of taxation or assessment shall be so changed that the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed or imposed on real estate and the improvements thereof shall be changed and as a substitute therefor, or in lieu of or in addition thereto, taxes, assessments, levies, impositions or charges shall be levied, assessed or imposed wholly or partially as a capital levy or otherwise on the rents received from the Project or the rents reserved herein or any part thereof, then such substitute or additional taxes, assessments, levies, impositions or charges, to the extent so levied, assessed or imposed, shall be deemed to be included within the Real Estate Taxes to the extent that such substitute or additional tax would be payable if the Project were the only property of Landlord subject to such tax.

(ii) Operating Expense Exclusions. Notwithstanding the foregoing, Operating Expenses shall not include the following:

a. Cost of repairs or other work occasioned by fire, windstorm or other casualty of an insurable nature or by the exercise of eminent domain if and to the extent Landlord receives compensation.

b. Leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with tenants, other occupants, or prospective tenants or occupants.

c. Renovating or otherwise improving, or decorating or redecorating space for tenants or other occupants of the Building.

d. Landlord's costs of electricity and other services that are sold or provided to tenants and for which Landlord is entitled to be reimbursed by tenants as an additional charge or rental over and above the Base Rent and Additional Rent payable under this Lease with such tenant.

e. Costs incurred by Landlord for alterations or improvements which are considered capital improvements or replacements under generally accepted accounting principles, except as expressly provided above in Section 3.2(a)(i)(F).

f. Depreciation and amortization, except as provided above in Section 3.2(a)(i)(F).

g. Expenses in connection with services or other benefits which are not made available to Tenant but which are provided to other tenants or occupants.

h. Costs incurred due to violation by Landlord or any tenant of the terms and conditions of any lease.

i. Interest on debt or amortization payments on any mortgage or mortgages, and rental under any ground leases.

j. Any costs, fines or penalties incurred due to violations by Landlord or any governmental rule or authority, except if and to the extent such costs, fines or penalties are the subject of a good faith appeal by Landlord.

k. Compensation paid to officers and executives of Landlord (but it is understood that the on-site building manager and other on-site employees below the grade of building manager may carry a title such as vice president and the salaries and related benefits of these officer/employees of Landlord would be allowable Operating Expenses) and any general corporate overhead of the Landlord.

l. Cost incurred in the removal of asbestos or other substances considered to be detrimental to the health or the environment of occupants of the Building.

m. Costs associated with bringing the Building in compliance of general building codes, which codes were enacted prior to Tenant's occupancy, whether such work is performed before or after the Commencement Date of this Lease.

(iii) Tenant's Right to Audit. In the event that within ninety (90) days after Tenant's receipt of the Statement (as that term is hereinafter defined) for the prior calendar year, Tenant reasonably believes that certain of the Operating Expenses charged by Landlord include costs that are not properly included within the term "Operating Expenses" or that Landlord has erred in calculating same, Tenant shall have the right to audit Landlord's books and records in accordance with this paragraph. Tenant shall exercise such audit right by providing Landlord with a written notice of Tenant's exercise of such audit right within such 90-day period and a statement enumerating reasonably detailed reasons for Tenant's objections to the Statement issued by Landlord (the "Audit Notice"). Upon the receipt by Landlord of an Audit Notice, Landlord shall instruct its property manager at the Building to meet with a designated employee of Tenant (the "Tenant Representative") to discuss the objections set forth in the Audit Notice. Landlord shall provide the Tenant Representative with reasonable access to Landlord's books and records at the Building relating to Operating Expenses for the calendar year in question in order to attempt to resolve the issues raised by Tenant in the Audit Notice. If, within thirty (30) days after Landlord's receipt of the Audit Notice, Landlord and Tenant are unable to resolve Tenant's objections, then not later than ten (10) days after the expiration of such 30-day period, Tenant shall notify Landlord if Tenant wishes to employ an independent, reputable certified public accounting firm charging for its services on an hourly rate or fixed fee (and not a contingent fee) basis ("Acceptable Accountants") to inspect and audit Landlord's books and records for the Building relating to the objections raised in Tenant's statement. Such audit shall be limited to a determination of whether or not Landlord calculated the Operating Expenses in accordance with the terms and conditions of this Lease and normal and customary accounting methods used by owners of similar buildings in the area for calculating Tenant's Expense Increase. All costs and expenses of any such audit shall be paid by Tenant. Any audit performed pursuant to the terms of this section shall be conducted only by the Acceptable Accountants at the offices of Landlord's property manager at the Building. Notwithstanding anything contained herein to the contrary, Tenant shall be entitled to exercise its audit right pursuant to this section only in strict accordance with the foregoing procedures no more often than once per calendar year and each such audit shall relate only to the calendar year most recently ended. In the event that Tenant fails to notify Landlord within

the foregoing 90-day period that Tenant objects to the Statement, then Tenant's right to audit such year's Statement shall be null and void. In the event such inspection or audit by Tenant shall show that the Operating Expenses for any Lease Year shall have been overstated by five percent (5%) or more, Landlord agrees to pay the reasonable out-of-pocket costs of any audit conducted by Tenant's independent certified public accountant (not to exceed, in any event, the lesser of (i) Five Thousand Dollars ($5,000.00) or (ii) the total amount of the overstatement) and to refund to Tenant, within thirty (30) days of the date of receipt by Landlord of a copy of Tenant's audit, all or any portion of the overpayment paid by Tenant as Additional Rent for the Lease Year in question. In the event such inspection or audit by Tenant shall show that the Operating Expenses for any Lease Year have been understated, then Tenant shall pay to Landlord, within thirty (30) days of receipt by Tenant of the audit results, such underpayment of Additional Rent. In the event that Landlord disputes that the results of Tenant's audit or inspection accurately reflects the terms and conditions of this Lease and the application of such terms and conditions to the Operating Expenses for such Lease Year, Landlord shall have the right to submit such dispute to the American Arbitration Association for binding arbitration on an expedited basis. Landlord and Tenant agree to comply with the foregoing provisions regarding refund/payment of the sums due after the arbitration decision is rendered.

(iv) "Adjustment Period" means each calendar year occurring during the Term beginning with calendar year 2000, which shall be the first Adjustment Period.

(v) "Tenant's Pro Rata Share" means the percentage calculated by dividing the rentable area of the Premises (numerator) by the rentable area of the Building (denominator), and expressing the fraction as a percentage.

(b) Gross-Up Adjustment. If the Building is less than fully occupied or if standard Landlord services are not provided to the entire Building during any Adjustment Period, then Operating Expenses for such Adjustment Period shall be "grossed up" by Landlord to that amount of Operating Expenses that, using reasonable projections, would normally be expected to be incurred during the Adjustment Period if the Building was ninety-five percent (95%) occupied and receiving building standard Landlord services during the Adjustment Period, as determined under generally accepted accounting principles consistently applied.

(c) Payment by Tenant. Tenant hereby agrees to pay Landlord as additional rent (the "Additional Rent") Tenant's Pro Rata Share of Operating Expenses for any Adjustment Period.

(d) Manner of Payment.

(i) Landlord may give Tenant notice of Landlord's estimate of amounts payable under this Section 3.2 for each Adjustment Period based upon generally accepted accounting principles consistently applied. By the first day of each month during the Adjustment Period, Tenant shall pay Landlord one-twelfth (1/12th) of the estimated amount. If for any reason the estimate is not given before the Adjustment Period begins, Tenant shall continue to pay on the basis of the previous year's estimate, if any, until the month after the new estimate is delivered to Tenant in writing.

(ii) Within one hundred twenty (120) days after each Adjustment Period ends, or as soon thereafter as reasonably practical, Landlord shall give Tenant a statement (the "Statement") showing the: (A) actual Operating Expenses

for the Adjustment Period; (B) the amount of Tenant's Pro Rata Share of such Operating Expenses; (C) the amount, if any, paid by Tenant during the Adjustment Period towards Tenant's Pro Rata Share of Operating Expenses; and (D) the amount Tenant owes towards Tenant's Pro Rata Share of Operating Expenses or the amount Landlord owes as a refund. Delay by Landlord in providing to Tenant any Statement shall not relieve Tenant from the obligation to pay any Additional Rent upon the rendering of such Statements.

(iii) If the Statement shows that the actual amount Tenant owes for the Adjustment Period is less than the estimate of Tenant's Pro Rata Share of Operating Expenses paid by Tenant during the Adjustment Period, Landlord shall return the difference (the "Overpayment"). If the Statement shows that the actual amount Tenant owes is more than any estimate of Tenant's Pro Rata Share of Operating Expenses paid by Tenant during the Adjustment Period, Tenant shall pay the difference (the "Underpayment"). The Overpayment or Underpayment shall be paid within thirty (30) days after the Statement is delivered to Tenant.

(iv) During any Adjustment Period in which this Lease is not in effect for a complete calendar year, unless it was ended due to Tenant's default, Tenant's obligation for Additional Rent for those Adjustment Periods shall be prorated by multiplying the Additional Rent for the Adjustment Period by a fraction expressed as a percentage, the numerator of which is the number of days of the Adjustment Period included in the Term and the denominator of which is 365.

(e) Prepaid Rent. Upon execution of this Lease, tenant shall pay to Landlord the Prepaid Rent.

ARTICLE IV.

Section 4.1 Services.

(a) Services Provided. Landlord shall furnish to Tenant while Tenant is occupying the Premises:

(i) Cold domestic water for Tenant's restrooms and toilets in locations as shown on the Building Plans which at a minimum shall provide adequate water service for two (2) sets of restrooms for each of the Buildings along with necessary water/sewer service for standard office water or as required by applicable law or code.

(ii) Locks on the exterior entry doors; provided, however, Landlord shall have no responsibility to prevent, and shall not be liable to Tenant for, any liability or loss to Tenant, its agents, employees and visitors arising out of losses due to theft, burglary, or damage or injury to persons or property caused by persons gaining access to the Premises, and Tenant hereby releases Landlord from all liability for such losses, damages or injury. Landlord acknowledges that Tenant plans to install a separate access control system and/or expand the provided system, subject to Landlord's approval as to the plans and specifications which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall have the right to remove any security equipment that Tenant has installed in the Premises either during, or after, the Term and any renewals thereof. Tenant acknowledges that pursuant to the terms of Section 5.1(c) of this Lease, Landlord may require Tenant to remove such access control system upon the expiration or earlier termination of this Lease. Further, in the event that Tenant installs such system, then Tenant shall provide to Landlord a master key or access card to allow Landlord access to the Premises as prescribed elsewhere in this Lease.

(iii) Electrical capacity to the Premises in the amount of eleven (11.00) watts per square foot of rentable area (the "Building standard rated electrical design load"). The Building Standard rated electrical design load shall be the total watts per rentable square foot available to the Premises for all purposes including, without limitation, operation of the HVAC system.

Should Tenant desire electrical capacity in excess of the Building standard rated electrical design load, any additional equipment, including, without limitation, high voltage panels shall be installed by Landlord at Tenant's sole cost and expense, subject to Tenant's price approval of the costs and expenses of such additional equipment.

Except as expressly provided above, Tenant shall be responsible, at its sole cost and expense, for all services and utilities to the Premises, excluding those outlined in the Operating Expenses including, without limitation, heating, ventilation and air conditioning. Landlord and Tenant acknowledge and agree that electricity serving the Premises shall (and other utilities may) be separately metered or submetered at Tenant's sole cost and expense and Tenant shall be solely responsible for paying all such costs directly to the utility provider. Further, Landlord shall not be obligated to furnish any janitorial services to the Premises. Tenant shall at its expense throughout the Term cause janitorial services to be provided to the Premises by contracting directly with a janitorial service company approved by Landlord which approval shall not be unreasonably withheld, delayed or conditioned. Tenant shall not be obligated to pay Landlord any pro-rata share of janitorial services, and or any other Operating Expenses for which Tenant pays separately from Operating Expenses, which Landlord provides exclusively to any portion of the Buildings occupied by third parties.

(b) Cessation of Services. To the extent the services described in Section 4.1(a) of this Lease require electricity, gas and water supplied by public utilities , Landlord's covenants thereunder shall only impose on Landlord the obligation to use its best efforts to cause the applicable public utilities to furnish the same. Failure by Landlord to furnish the services described in this Section 4.1 to any extent, or any cessation thereof, shall not render Landlord in default hereunder or liable in any respect for damages to either person or property, or be construed as an eviction of Tenant, or work an abatement of Rent, or relieve Tenant from fulfillment of any covenant or agreement hereof, except as provided herein below. In addition to the foregoing, should any of the equipment or machinery break down, cease to function properly for any cause, or be intentionally turned off for testing or maintenance purposes, Tenant shall have no claim for abatement or reduction of Rent or damages on account of an interruption in service occasioned thereby or resulting therefrom; provided, however, Landlord agrees to use diligent efforts to repair said equipment or machinery and to restore said services.

(c) Interruption of Service. Notwithstanding anything to the contrary contained in this Lease, if Tenant cannot reasonably use the Premises for Tenant's intended business operations by reason of any interruption in services to be provided by Landlord (and Tenant does not in fact use the Premises) and such condition exists for three (3) consecutive business days, then Tenant's Base Rent shall be equitably abated for that portion of the Premises that Tenant is unable to use for Tenant's intended business operations until such service is restored to the Premises. Tenant shall not, however, be entitled to any abatement of Base Rent if the interruption or abatement in service or the failure by Landlord to furnish such service is the result of force majeure or is the result of an interruption or abatement in service of a public utility

(collectively, an "Unavoidable Interruption"). By way of example only, there shall be no abatement of Base Rent if Landlord is unable to furnish water or electricity to the Premises if no water or electricity is then being made available to the Building by the supplying utility company or municipality. At the time of the loss of service, Tenant must give written notice promptly to Landlord of the loss of service and its claim for abatement and Tenant only shall be entitled to abatement of Base Rent in proportion to the area rendered unusable. Landlord may prevent or stop abatement by providing substantially the same service in similar quality and quantity by temporary or alternative means until the cause of the loss of service can be corrected. Such abatement shall be Tenant's sole remedy for loss of service and Tenant shall have no right to terminate this Lease, unless such interruption of service continues for sixty (60) consecutive days, and is not an Unavoidable Interruption, in which case Tenant shall have such rights and remedies available to Tenant at law or in equity.

Section 4.2 Occupancy of Premises. Tenant shall, throughout the Term of this Lease, at its own expense, maintain all improvements on the Premises in the manner set forth in Section 5.1 of this Lease, and shall keep the Premises free from waste, damage or nuisance, and shall deliver up the Premises in a clean and sanitary condition at the expiration or termination of this Lease or the termination of Tenant's right to occupy the Premises by Tenant, in good repair and condition, reasonable wear and tear and damage by casualty, as set forth in Section 6.3 of this Lease excepted. In the event Tenant should neglect to maintain and/or return the Premises in such manner, Landlord shall have the right, but not the obligation after providing Tenant with thirty (30) days written notice specifying the particulars of such correction to be made, together with a reasonable time thereafter to correct the same, to cause repairs or corrections to be made, and any reasonable costs therefor shall be payable by Tenant to Landlord within ten (10) days of demand therefor by Landlord. Upon the expiration or termination of this Lease or the termination of Tenant's right to occupy the Premises by Tenant, Landlord shall have the right to reenter and resume possession of the Premises. No act or thing done by Landlord or any of Landlord's agents (hereinafter defined) during the Term of the Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless the same be made in writing and executed by Landlord.

Section 4.3 Landlord's Entry. Tenant shall permit Landlord and its agents to enter the Premises at all reasonable times to inspect the same; to show the Premises to prospective tenants (only within twelve (12) months of the expiration of the term of this Lease and with notice to Tenant), or interested parties such as prospective lenders and purchasers; to exercise its rights under this Lease; to discharge Tenant's obligations when Tenant has failed to do so within the time required under this Lease or within a reasonable time after written notice from Landlord, whichever is earlier, though Landlord shall in no event be obligated to do so; to post notices of nonresponsibility and similar notices and "For Sale" signs at any time and to place "For Lease" signs upon or adjacent to the Building or the Premises at any time within twelve (12) months of the expiration of the term of this Lease. Tenant shall permit Landlord and its agents to enter the Premises at any time in the event of an emergency. When reasonably necessary during such as emergency, Landlord may temporarily close entrances, doors, or other facilities without liability to Tenant by reason of such closure.

Section 4.4 Hazardous Materials.

(a) As used in this Lease, the term "Hazardous Materials" shall mean and include any substance that is or contains petroleum, asbestos, polychlorinated biphenyls, lead, or any other substance, material or waste which is now or is hereafter classified or considered to be hazardous or toxic under any federal, state or local law, rule, regulation or ordinance relating to pollution or the

protection or regulation of human health, natural resources or the environment (collectively "Environmental Laws") or poses or threatens to pose a hazard to the health or safety of persons on the Premises or any adjacent property.

(b) Tenant agrees that during its use and occupancy of the Premises it will not permit Hazardous Materials to be present on or about the Premises except in a manner and quantity necessary for the ordinary performance of Tenant's business and that it will strictly comply with all Environmental Laws relating to the use, storage or disposal of any such Hazardous Materials. In connection therewith, Landlord acknowledges that Tenant may install and utilize printing facilities in the Premises so long as such facilities do not occupy more than 20,000 rentable square feet of area.

(c) Tenant shall give prompt written notice to Landlord of: (A) becoming aware of any use, generation, manufacture, production, storage, release, discharge or disposal of any Hazardous Materials on, under, from or about the Premises or the migration thereof to or from other property; (B) the commencement, institution or threat of any proceeding, inquiry or action by or notice from any local, state or federal governmental authority with respect to the use or presence of any Hazardous Materials on the Premises or the migration thereof from or to other property; (C) all claims made or threatened by any third party against Tenant or the Premises relating to any damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials; (D) Tenant's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law, or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law; and (E) obtaining knowledge of any occurrence of expense by any governmental authority or others in connection with the assessment, containment or removal of any Hazardous Materials located on, under, from or about the Premises or any property adjoining or in the vicinity of the Premises.

(d) If Tenant's use of Hazardous Materials on or about the Premises results in a release, discharge or disposal of Hazardous Materials on, in, at, under, or emanating from, the Premises or the Land, Tenant shall provide immediate notice of the same to Landlord and agrees to investigate, clean up, remove or remediate such Hazardous Materials in full compliance with (i) the requirements of (A) all Environmental Laws and (B) any governmental agency or authority responsible for the enforcement of any Environmental Laws; and (ii) any additional requirements of Landlord that are reasonably necessary to protect the value of the Premises or the Land. Provided, however, Tenant shall not take any action under this Section 4.4(d) without first obtaining Landlord's consent thereto. Landlord shall also have the right, but not the obligation, to take whatever action with respect to any such Hazardous Materials that it deems reasonably necessary to protect the value of the Premises or the Land. All costs and expenses paid or incurred by Landlord in the exercise of such right shall be payable by Tenant upon demand.

(e) Upon reasonable notice to Tenant, Landlord may inspect the Premises for the purpose of determining whether there exists on the Premises any Hazardous Materials or other condition or activity that is in violation of the requirements of this Lease or of any Environmental Laws. The right granted to Landlord herein to perform inspections shall not create a duty on Landlord's part to inspect the Premises, or liability on the part of Landlord for Tenant's use, storage or disposal of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith.

(f) Landlord shall have the right, no more than once per year, to engage or cause Tenant to engage, each at Landlord's sole cost and expense, an environmental consultant acceptable to both Landlord and Tenant, to review compliance by Tenant with all applicable laws and standards existing at such time with respect to the practice relating to contamination or hazardous waste compliance methods, conditions and procedures and Tenant's development of a plan

to identify, contain and remediate problems caused by such Hazardous Materials. The foregoing sentence shall not be deemed to require an environmental compliance audit, unless otherwise reasonably recommended pursuant to such review. In the event that Landlord reasonably believes that there may be a violation or threatened violation by Tenant of any Environmental Law or a violation or threatened violation by Tenant of any covenant under this Article IV, Landlord is authorized, but not obligated, by itself, is agents, employees or workmen to enter at any reasonable time, so long as Landlord uses its reasonable best efforts to not unduly interfere with Tenant's normal conduct of business, upon any part of the Premises for the purposes of inspecting the same for Hazardous Materials and Tenant's compliance with this Article IV, and such inspections may include, without limitation, soil borings. Tenant agrees to pay to Landlord, upon Landlord's demand, all actual and customary expenses, costs or other amounts incurred by Landlord in performing any inspection for the purposes set forth in this Section 4.4 only if it is found that Tenant has violated any provision of this Section 4.4.

(g) Tenant shall surrender the Premises to Landlord upon the expiration or earlier termination of this Lease free of debris, waste or Hazardous Materials placed on or about the Premises by Tenant or its agents, employees, contractors or invitees, and in a condition which complies with all Environmental Laws.

(h) Tenant agrees to indemnify and hold harmless Landlord and Landlord's Related Parties (as defined in Section 5.3 of the Lease) from and against any
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and all claims, losses (including, without limitation, loss

in value of the Premises or the Land), judgments, demands, causes of action, liabilities and expenses (including reasonable attorney's fees and costs arising from the same) sustained by Landlord attributable to (i) any Hazardous Materials placed on or about the Premises by Tenant or its agents, employees, contractors or invitees or (ii) Tenant's breach of any provision of this Section. Landlord agrees to indemnify and hold harmless Tenant from and against any and all claims, losses, judgements, demands, causes of actions, liabilities and expenses (including reasonable attorneys' fees and costs arising from the same) sustained by Tenant attributable to any Hazardous Materials placed on or about the Premises by Landlord or its agents, employees, contractors and invitees.

(i) The provisions of this Section shall survive the expiration or earlier termination of this Lease.

(j) Landlord represents and warrants that to the best of its knowledge, as of the Commencement Date, the Project and Premises are free of any Hazardous Materials.

ARTICLE V.

Section 5.1 Leasehold Improvements.

(a) Acceptance of Premises. Tenant has made a complete inspection of the
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Premises including the physical condition of the Building and any improvements, expenses, operation and maintenance, zoning, status of title and use that may be made of the Premises and every other matter or thing affecting the Premises, and shall accept the Premises in their "AS IS," "WHERE IS," and "WITH ALL FAULTS" condition on the Commencement Date without recourse to Landlord, subject to the terms of Exhibit E attached hereto and hereby made a part hereof. Landlord has
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not made and does not make any representations and warranties whatsoever with respect to the Premises or otherwise with respect to this Lease, except as otherwise provided herein and may be set forth on Exhibit E hereto. Landlord
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shall have no obligation to furnish, equip or improve the Premises except for

the satisfactory completion of all work to be performed by Landlord as otherwise provided for herein.

(b) Improvements and Alterations. Tenant shall not make or allow to be made (except as otherwise provided in this Lease) any improvements, alterations or physical additions (including fixtures) in or to the Premises or the Project in excess of $50,000 for any one alteration, addition or improvement or which affect any structural or building system components of the Premises or Project (mechanical, electrical or plumbing) or which under applicable laws require a building, electrical, plumbing or other permit, without first obtaining the written consent of Landlord, including Landlord's written approval of Tenant's contractor(s) and of the plans, working drawings and specifications relating thereto except as set forth in Exhibit E. Approval by Landlord of any of Tenant's drawings and plans and specifications prepared in connection with any alterations, improvements, modifications or additions to the Premises or the Project shall not constitute a representation or warranty of Landlord as to the adequacy or sufficiency of such drawings, plans and specifications, or alterations, improvements, modifications or additions to which they relate, for any use, purpose or conditions, but such approval shall merely be the consent of Landlord as required hereunder. Except as otherwise expressly provided in Exhibit E attached hereto, any and all furnishing, equipping and improving of or other alteration and addition to the Premises shall be: (i) made at Tenant's sole cost, risk and expense, and in the case of alterations, improvements or additions requiring a permit by Tenant and if it is necessary for Landlord to employ a third party consultant to review Tenant's plans and specifications, then Tenant shall reimburse Landlord for Landlord's actual reasonable costs incurred in connection with such consultant; (ii) performed in a prompt, good and workmanlike manner with labor and materials of such quality as the initial tenant improvements; (iii) constructed in accordance with all plans and specifications approved in writing by Landlord, which approval shall not be unreasonably withheld, delayed, or conditioned prior to the commencement of any such work only if such work is in excess of $50,000 (as described hereinabove); (iv) prosecuted diligently and continuously to completion so as to minimize interference with the normal business operations of other tenants in the Building; and (v) performed by contractors approved in writing by Landlord which approval shall not be unreasonable withheld, delayed or conditioned. Landlord and Tenant will mutually agree to a list of contractors or subcontractors who may be employed by Tenant for any such work at the time the proposed work is to be completed. Tenant shall have no (and hereby waives all) rights to payment or compensation for any such item. Tenant shall notify Landlord upon completion of such alterations, improvements, modifications or additions and Landlord shall inspect same for workmanship and compliance with the approved plans and specifications. Tenant and its contractors shall comply with all reasonable requirements Landlord may impose on Tenant or its contractors with respect to such work (including but not limited to, insurance, indemnity and bonding requirements) only if modification is in excess of $50,000, and shall deliver to Landlord a complete copy of the "as-built" or final plans and specifications for all alterations or physical additions so made in or to the Premises within thirty (30) days of completing the work. Tenant shall not place safes, vaults, filing cabinets or systems, libraries or other heavy furniture or equipment within the Premises after the initial occupancy of the Premises without Landlord's prior written consent which consent shall not be unreasonably withheld, delayed or conditioned.

(c) Title to Alterations. All Alterations, physical additions, modifications or improvements in or to the Premises (including fixtures) shall, when made, become the property of Landlord except as provided for in the Lease (security system, generator, UPS, etc.) and shall be surrendered to Landlord upon termination or expiration of this Lease or termination of Tenant's right to occupy the Premises, whether by lapse of time or otherwise, without any payment, reimbursement or compensation therefor; provided, however, that Tenant shall retain title to and shall remove from the Premises movable equipment or furniture owned by Tenant, repair any damage caused thereby, and return the

Premises to their preexisting condition. Notwithstanding any of the foregoing to the contrary, Landlord may require Tenant to remove all alterations, additions or improvements to the Premises including, without limitation, any computer, satellite or telecommunications equipment or hardware, whether or not such

alterations, additions, or improvements are located in the Premises upon the expiration or earlier termination of this Lease or the termination of Tenant's right to possession of the Premises and restore the same to Building standard condition, reasonable wear and tear excepted, provided that Landlord advises Tenant in writing that such must be removed when Landlord grants its consent for any such alterations. The rights conferred to Landlord under this Section 5.1(c) shall be in addition to (and not in conflict with) any other rights conferred on Landlord by this Lease, in equity or at law.

(d) Personal Property Taxes; Sales, Use and Excise Taxes. Tenant shall be responsible for and shall pay ad valorem taxes and other taxes, assessments or charges levied upon or applicable to Tenant's personal property, the value of Tenant's leasehold improvements in the Premises in excess of Building standard (and if the taxing authorities do not separately assess Tenant's leasehold improvements, Landlord may make a reasonable allocation of the taxes assessed on the Project to give effect to this Section 5.1(d)) and all license fees and other fees or charges imposed on the business conducted by Tenant on the Premises before such taxes, assessments, charges or fees become delinquent. Tenant shall also pay to Landlord with all Rent due and owing under this Lease an amount equal to any sales, rental, excise and use taxes levied, imposed or assessed by the State or any political subdivision thereof or other taxing authority upon any amounts classified as rent.

(e) Repairs, Maintenance and Property Management. Tenant shall, at its sole cost and expense, repair and maintain the Premises during the Term of this Lease including, without limitation, all components thereof such as the HVAC systems, plumbing and electrical and all other installations reflected on the Final Plans including, if necessary, the replacement of such components. All repairs, alterations or additions that affect the Project's structural components or base building mechanical, electrical or plumbing systems shall be made by Landlord or its contractors only at Landlord's sole cost and expenses (subject, however, to reimbursement pursuant to and in accordance with the terms of Section 3.2 of this Lease, if applicable). Landlord shall repair and maintain the Landlord's Work as defined in Exhibit E, unless such repairs or maintenance is due to Tenant's negligence or willful misconduct. Landlord's repairs and maintenance costs may be included in Operating Expenses if otherwise permitted pursuant to the terms of this Lease. Unless otherwise provided herein, Landlord shall not be required to make any improvements to or repairs of any kind or character to the leasehold improvements located in the Premises during the Term.

Tenant's obligation to maintain the Premises shall include the obligation to repair, maintain and replace (if necessary,) the HVAC system and Tenant hereby agrees to enter into a preventative maintenance/service contract with a maintenance contractor approved by Landlord (which approval shall not be unreasonably withheld, delayed or conditioned) for servicing all air conditioning, heating, ventilating and other such equipment within or servicing the Premises.

Section 5.2 Liens. Tenant shall keep the Premises and the Building free from any liens, including but not limited to liens filed against the Premises by any governmental agency, authority or organization, arising out of any work performed, materials ordered or obligations incurred by or on behalf of Tenant,

and Tenant hereby agrees to indemnify and hold Landlord, its agents, employees, independent contractors, officers, directors, partners, and shareholders harmless from any liability, cost or expense for such liens. Tenant shall cause any such lien imposed to be released of record by payment or posting of the proper bond acceptable to Landlord within ten (10) business days after the earlier of imposition of the lien or written request by Landlord. If Tenant fails to remove any lien within the prescribed ten (10) business day period, then Landlord may do so at Tenant's expense and Tenant's reimbursement to Landlord for such amount, including attorneys' fees and costs, shall be deemed Additional Rent. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the reversion or other estate of Landlord, or of any interest of Landlord in the Premises.

Section 5.3 Indemnification. Tenant shall defend, indemnify and hold harmless Landlord, its agents, employees, officers, directors, partners and shareholders ("Landlord's Related Parties") from and against any and all liabilities, judgments, demands, causes of action, claims, losses, damages, costs and expenses, including reasonable attorneys' fees and costs, arising out of the use, occupancy, conduct, operation, or management of the Premises by, or the willful misconduct or negligence of, Tenant, its officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors in or about the Building or Premises or arising from any breach or default under this Lease by Tenant, or arising from any accident, injury, or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Building or Premises. This indemnification shall survive termination or expiration of this Lease. This provision shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, or invitees or arising from any breach or default under this Lease by Landlord.

Landlord shall defend, indemnify and hold harmless Tenant, its agents, employees, officers, directors, partners and shareholders from and against any and all liabilities, judgments, demands, causes of action, claims, losses, damages, costs and expenses, including reasonable attorneys' fees and costs, arising out of the willful misconduct or negligence of Landlord, its officers, contractors, licensees, agents, servants and employees, or arising from any breach or default under this Lease by Landlord. This indemnification shall survive termination or expiration of this Lease. This provision shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees, or invitees or arising from any breach or default under this Lease by Tenant.

ARTICLE VI.

Section 6.1 Condemnation.

(a) Total Taking. In the event of a taking or damage related to the exercise of the power of eminent domain, by any agency, authority, public utility, person, corporation or entity empowered to condemn property (including without limitation a voluntary conveyance by Landlord in lieu of such taking or condemnation) (individually, a "Taking") of (i) the entire Premises, (ii) so much of the Premises as to prevent or substantially impair its use by Tenant during the Term of this Lease or (iii) portions of the Building or Project required for reasonable access to, or reasonable use of, the Premises (individually, a "Total Taking"), the rights of Tenant under this Lease and the

leasehold estate of Tenant in and to the Premises shall cease and terminate as of the date upon which title to the property taken passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor ("Date of Taking").

(b) Partial Taking. In the event of a Taking of only a part of the Premises or of a part of the Project which does not constitute a Total Taking during the Term of this Lease (individually, a "Partial Taking"), the rights of Tenant under this Lease and the leasehold estate of Tenant in and to the portion of the property taken shall cease and terminate as of the Date of Taking, and an adjustment to the Rent shall be made based upon the reduced area of the Premises.

(c) Termination by Landlord or Tenant. In the event of a Taking of the Building (other than the Premises) such that, in Landlord's or Tenant's reasonable opinion, the Building cannot be restored in a manner that makes its continued operation practically or economically feasible, or if a portion of the Premises or the Project is taken which renders the Premises (or the remaining balance thereof) unusable for Tenant's intended business purposes, at Tenant's sole but reasonable discretion, Landlord or Tenant may terminate this Lease by giving notice to the other party within thirty (30) days after the date notice of such Taking is received by Landlord and Landlord provides Tenant a copy of such notice.

(d) Rent Adjustment. If this Lease is terminated pursuant to this Section 6.1, Landlord shall refund to Tenant any prepaid unaccrued Rent and any other sums due and owing to Tenant (less any sums then due and owing Landlord by Tenant), and Tenant shall pay to Landlord any remaining sums due and owing Landlord under this Lease, each prorated as of the Date of Taking where applicable.

(e) Repair. If this Lease is not terminated as provided for in this Section 6.1, then Landlord at its expense shall promptly repair and restore the Building, Project and/or the Premises to approximately the same condition that existed at the time Tenant entered into possession of the Premises, wear and tear excepted (and Landlord shall have no obligation to repair or restore Tenant's improvements to the Premises or Tenant's Property), except for the part taken, so as to render the Building or Project as complete an architectural unit as practical, but only to the extent of the condemnation award received by Landlord for the damage.

(f) Awards and Damages. Landlord reserves all rights to damages and awards paid because of any Partial or Total Taking of the Premises or the Project. Further, Tenant shall not make claims against Landlord or the condemning authority for damages including, without limitation, any damages based upon the value of Tenant's leasehold estate; provided, however, Tenant may claim and recover from the condemning authority a separate award for Tenant's moving expenses, business dislocation damages, Tenant's Property and any other award that would not reduce the award payable to Landlord.

Section 6.2 Force Majeure. Neither Landlord nor Tenant shall be required to perform any term, provision, agreement, condition or covenant in this Lease (other than the obligations of Tenant to pay Rent as provided herein) so long as such performance is delayed or prevented by "Force Majeure", which shall mean acts of God, strikes, injunctions, lockouts, material or labor restrictions by any governmental authority, civil riots, floods, fire, theft,

public enemy, insurrection, war, court order, requisition or order of governmental body or authority, and any other cause not reasonably within the control of Landlord or Tenant and which by the exercise of due diligence Landlord or Tenant is unable, wholly or in part, to prevent or overcome. Neither Landlord nor any mortgagee shall be liable or responsible to Tenant for any loss or damage to any property or person occasioned by any Force Majeure, or for any damage or inconvenience which may arise through repair or alteration of any part of the Project as a result of any Force Majeure.

Section 6.3 Fire or Other Casualty.

(a) Damage. If any portion of the Premises shall be destroyed or damaged by fire or any other casualty, Tenant shall immediately give notice thereof to Landlord. If any portion of the Premises or Project shall be destroyed or damaged by fire or any other casualty then, at the option of Landlord, Landlord may restore and repair the portion of the Premises or Project damaged and, if the Premises are rendered untenantable in whole or in part by reason of such casualty as determined by Landlord, Tenant shall be entitled to an equitable percentage abatement of the Rent hereunder (subject to the limitation in Section 7.3(c) below) until such time as the damaged portion of the Premises (exclusive of any of Tenant's Property or Tenant's improvements) are repaired or restored by Landlord to the extent required hereby or either Tenant or Landlord may terminate this Lease whereupon all Rent accrued up to the time of such termination and any other sums due and owing shall be paid by Tenant to Landlord (less any sums then due and owing Tenant by Landlord) and any remaining sums due and owing by Landlord to Tenant shall be paid to Tenant. In no event shall Landlord have any obligation to repair or restore any such destruction or damage.

(b) Repair. Landlord shall use reasonable efforts to give Tenant written notice of its decisions, estimates or elections under this Section 6.3 within forty five (45) days after any such damage or destruction. If Landlord has elected to repair and restore the Premises or other portion of the Project, this Lease shall continue in full force and effect, and the repairs will be made within two hundred ten (210) days subject to the provisions of Section 6.2 of this Lease. Should the repairs not be completed within that period, both Landlord and Tenant shall each have the option of terminating this Lease by written letter of termination. If this Lease is terminated as herein permitted, Landlord shall refund to Tenant any prepaid Rent (unaccrued as of the date of damage or destruction) and any other sums due and owing by Landlord to Tenant (less any sums then due and owing Landlord by Tenant) and any remaining sums due and owing by Tenant to Landlord shall be paid to Landlord. If Landlord has elected to repair and reconstruct the Premises or other portion of the Project to the extent stated above, the Term will be extended for a time equal to the period from the occurrence of such damage to the completion of such repair and reconstruction with Rent during such extended period being the same as the last rent paid by Tenant immediately prior to such extended period. If Landlord elects to rebuild the Premises or other portion of the Project, Landlord shall only be obligated to restore or rebuild the Premises or other portion of the Project to approximately the same condition as existed at the time Tenant entered into possession of the Premises, wear and tear excepted and not be required to rebuild, repair or replace any part of Tenant's Property or Tenant's leasehold improvements. Notwithstanding anything contained in this Lease to the contrary, if Landlord shall elect to repair and restore the Premises or other portion of the Project pursuant to this Section 6.3, in no event shall Landlord be required to expend under this Article VII any amount in excess of the proceeds actually received from the insurance carried by Landlord pursuant to

Section 6.4(a) of this Lease. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or destruction or the disregard of the repair thereof.

(c) Negligence of Tenant. Notwithstanding the provisions of Sections 6.3(a) and 6.3(b) of this Lease, if the Premises, the Project or any portion thereof, are damaged by fire or other casualty resulting from the fault or negligence of Tenant or any of Tenant's agents, the Rent under this Lease will not be abated during the repair of that damage, and Tenant will be liable to Landlord for the cost and expense of the repair and restoration of the Premises, the Project or any part thereof, caused thereby to the extent that cost and expense is not covered by insurance proceeds (including without limitation the amount of any insurance deductible).

Section 6.4 Insurance.

(a) Landlord shall maintain, or cause to be maintained, standard fire and extended coverage insurance on the Buildings and Building standard tenant improvements (excluding leasehold improvements by Tenant in excess of Building standard and Tenant's Property) in amounts considered by Landlord to be reasonable and customary. The insurance required to be obtained by Landlord may be obtained by Landlord through blanket or master policies insuring other entities or properties owned or controlled by Landlord.

(b) Tenant shall, at its sole cost and expense, procure and maintain during the Term of this Lease all such policies of insurance as Landlord may require, including without limitation comprehensive general liability insurance (including personal injury liability, premises/operation, property damage, independent contractors and broad form contractual coverage in support of the indemnifications of Landlord by Tenant under this Lease) in amounts of not less than a combined single limit of $1,000,000; comprehensive automobile liability insurance; business interruption insurance; contractual liability insurance; property insurance with respect to Tenant's Property, and all leasehold improvements, alterations and additions in excess of Building standard, to be written on an "all risk" basis for full replacement cost; worker's compensation and employer's liability insurance; and comprehensive catastrophe liability insurance; all maintained with companies, on forms and in such amounts as Landlord may, from time to time, reasonably require and with Landlord to be included as an additional insured. With respect to all third party insurance carriers, the insurer must be licensed to do business in the state in which the Building is located. In the event that Tenant fails to take out or maintain any policy required by this Section 6.4 to be maintained by Tenant, such failure shall be a defense to any claim asserted by Tenant against Landlord by reason of any loss sustained by Tenant that would have been covered by such policy, notwithstanding that such loss may have been proximately caused solely or partially by the negligence or willful misconduct of Landlord or any of Landlord's Related Parties. If Tenant does not procure insurance as required, Landlord may, upon advance written notice to Tenant, cause this insurance to be issued and Tenant shall pay to Landlord the premium for such insurance within ten (10) days of Landlord's demand, plus interest at the Default Rate until repaid by Tenant. Tenant shall provide to Landlord a certificate of insurance that shall provide that Landlord shall be given at least thirty (30) days' prior written notice of any cancellation or nonrenewal of any such policy. A certificate evidencing each such policy shall be deposited with Landlord by Tenant on or before the Commencement Date, and a replacement certificate evidencing each subsequent policy shall be deposited with Landlord at least thirty (30) days prior to the expiration of the preceding such policy. All insurance policies obtained by Tenant shall be written as primary policies (primary over any insurance carried by Landlord), not contributing with and not in excess of coverage which Landlord may carry, if any. Notwithstanding the foregoing, so long as Tenant maintains a net worth of at least $100,000,000.00, Tenant shall have the right to assume, insure or maintain a plan of self-insurance for all or any part of the insurance required by Landlord under this

Lease.

Section 6.5 Waiver of Subrogation Rights. Each party hereto waives all rights of recovery, claims, actions or causes of actions arising in any manner in its (the "Injured Party's") favor and against the other party for loss or damage to the Injured Party's property located within or constituting a part or all of the Project, to the extent the loss or damage: (a) is covered by the Injured Party's insurance; or (b) would have been covered by the insurance the Injured Party is required to carry under this Lease, whichever is greater, regardless of the cause or origin, including the sole, contributory, partial, joint, comparative or concurrent negligence of the other party. This waiver

also applies to each party's directors, officers, employees, shareholders, partners, representatives and agents. The waiver set forth in this Section 6.5 shall be in addition to, and not in substitution for, any other waivers, indemnities or exclusions of liability set forth in this Lease.

ARTICLE VII.

Section 7.1 Default by Tenant. The occurrence of any one or more of the following events shall constitute a default by Tenant under this Lease:

(a) Tenant shall fail to pay to Landlord any Rent or any other monetary charge due from Tenant hereunder as and when due and payable;

(b) Tenant breaches or fails to comply with any term, provision, condition or covenant of this Lease, other than as described in Section 7.1(a), or with any of the Building rules and regulations now or hereafter established to govern the operation of the Project;

(c) A Transfer (hereinafter defined) shall occur, without the prior written approval of Landlord;

(d) The interest of Tenant under this Lease shall be levied on under execution or other legal process;

(e) Any petition in bankruptcy or other insolvency proceedings shall be filed by or against Tenant, or any petition shall be filed or other action taken to declare Tenant a bankrupt or to delay, reduce or modify Tenant's debts or obligations or to reorganize or modify Tenant's capital structure or indebtedness or to appoint a trustee, receiver or liquidator of Tenant or of any property of Tenant, or any proceeding or other action shall be commenced or taken by any governmental authority for the dissolution or liquidation of Tenant and, within thirty (30) days hereafter, Tenant fails to secure a discharge thereof;

(f) Tenant shall become insolvent, or Tenant shall make an assignment for the benefit of creditors, or Tenant shall make a transfer in fraud of creditors, or a receiver or trustee shall be appointed for Tenant or any of its properties;

(g) During the first twelve (12) months of the Term, Tenant shall desert, abandon or vacate the Premises or any substantial portion thereof or fails to operate its business in the Premises for any reason other than destruction or condemnation of the Premises; thereafter, Tenant shall have the right to vacate all or any part of the Premises so long as Tenant continues to comply with all of the other terms and conditions of this Lease;

(h) Tenant shall do or permit to be done anything which creates a lien

upon the Premises or the Project and such lien is not removed within the time period specified in Section 5.2 hereof.

Section 7.2 Landlord's Remedies. Upon occurrence of any default by Tenant under this Lease and (i) if the event of default described in Section 7.1(a) is not cured within ten (10) days after receipt by Tenant of written notice from Landlord of such default (provided, however, Landlord shall only be obligated to notify Tenant in writing twice during any twelve (12) month period, thereafter, Tenant shall be in default if Tenant fails to pay any sum due under this Lease as and when due); or (ii) the events described in Sections 7.1(b), (d), (f) and (g) are not cured within thirty (30) days after written notice from Landlord of such default (unless such default cannot reasonably be corrected within said thirty (30) days in which event Tenant shall not be in default if Tenant commences such correction within said thirty (30) days and thereafter diligently prosecutes such correction to completion; there being no notice and cure period for events of defaults described in Sections 7.1(c), (e) and (h) except as otherwise set forth herein), the Landlord shall have the option to do and perform any one or more of the following in addition to, and not in limitation of, any other remedy or right permitted it by law or in equity or by this Lease:

(a) Continue this Lease in full force and effect, and this Lease shall continue in full force and effect as long as Landlord does not terminate this Lease, and Landlord shall have the right to collect Rent, Additional Rent and other charges when due.

(b) Terminate this Lease, and Landlord may forthwith repossess the Premises and be entitled to recover as damages a sum of money equal to the total of (i) the cost of recovering the Premises, (ii) the cost of removing and storing Tenant's or any other occupant's property, (iii) the unpaid Rent and any other sums accrued hereunder at the date of termination, (iv) a sum equal to the amount, if any, by which the present value of the total Rent and other benefits which would have accrued to Landlord under this Lease for the remainder of the Term, if the terms of this Lease had been fully complied with by Tenant, discounted at five percent (5%) per annum exceeds the total fair market value of the Premises for the balance of the Term (it being the agreement of the parties hereto that Landlord shall receive the benefit of its bargain), (v) the cost of reletting the Premises including, without limitation, the cost of restoring the Premises to the condition necessary to rent the Premises at the prevailing market rental rate, normal wear and tear excepted, (vi) any increase in insurance premiums caused by the vacancy of the Premises, (vii) the amount of any unamortized improvements to the Premises paid for by Landlord, (viii) the amount of any unamortized brokerage commission or other costs paid by Landlord in connection with the leasing of the Premises and (ix) any other sum of money or damages owed by Tenant to Landlord. In the event Landlord shall elect to terminate this Lease, Landlord shall at once have all the rights of reentry upon the Premises, without becoming liable for damages, or guilty of trespass.

(c) Terminate Tenant's right of occupancy of the Premises and reenter and repossess the Premises by entry, forcible entry or detainer suit or otherwise, without demand or notice of any kind to Tenant and without terminating this Lease, without acceptance of surrender of possession of the Premises, and without becoming liable for damages or guilty of trespass, in which event Landlord may, but shall be under no obligation to, relet the Premises or any part thereof for the account of Tenant (nor shall Landlord be under any obligation to relet the Premises before Landlord relets or leases any other portion of the Project or any other property under the ownership or control of Landlord) for a period equal to or lesser or greater than the remainder of the Term of the Lease on whatever terms and conditions Landlord, at Landlord's sole discretion, deems advisable. Tenant shall be liable for and shall pay to Landlord all Rent payable by Tenant under this Lease (plus interest at the Default Rate provided in Section 3.1(c) of this Lease if in arrears) plus an amount equal to (i) the cost of recovering possession of the Premises, (ii) the cost of removing and storing any of Tenant's or any other occupant's

property left on the Premises or the Project after reentry, (iii) the cost of decorations, repairs, changes, alterations and additions to the Premises and the Project, (iv) the cost of any attempted reletting or reletting and the collection of the rent accruing from such reletting, (v) the cost of any brokerage fees or commissions payable by Landlord in connection with any reletting or attempted reletting, (vi) any other costs incurred by Landlord in connection with any such reletting or attempted reletting, (vii) the cost of any increase in insurance premiums caused by the termination of possession of the Premises, (viii) the cost of any increase in insurance premiums caused by the termination of possession of the Premises, (ix) the amount of any unamortized improvements to the Premises paid for by Landlord, (x) the amount of any unamortized brokerage commissions or other costs paid by Landlord in connection with the leasing of the Premises and (xi) any other sum of money or damages owed by Tenant to Landlord at law., It is agreed to by Landlord and Tenant that all the above will be reduced by any sums received by Landlord through any reletting of the Premises; provided, however, that in no event shall Tenant be entitled to
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any excess of any sums obtained by reletting over and above Rent provided in this Lease to be paid by Tenant to Landlord. For the purpose of such reletting Landlord is authorized to make any repairs, changes, alterations or additions in or to the Premises that may be necessary. Landlord may file suit to recover any sums falling due under the terms of this Section 7.2(c) from time to time, and
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no delivery to or recovery by Landlord of any portion due Landlord hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord. No reletting shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention is given to Tenant by Landlord. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous default and/or exercise its rights under Section 7.2(b)
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of this Lease.

(d) Enter upon the Premises and do whatever Tenant is obligated to do under the terms on this Lease; and Tenant agrees to reimburse Landlord on demand for any expenses which Landlord may incur in effecting compliance with Tenant's obligations under this Lease plus fifteen percent (15%) of such cost to cover overhead plus interest at the Default Rate provided in this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action. No action taken by Landlord under this Section 7.2(d) shall relieve Tenant from any of its obligations under this Lease or from any consequences or liabilities arising from the failure to perform such obligations.

(e) Change all door locks and other security devices of Tenant at the Premises and/or the Project, and Landlord shall not be required to provide the new key to the Tenant except during Tenant's regular business hours, and only upon the condition that Tenant has cured any and all defaults hereunder and in the case where Tenant owes Rent to the Landlord, reimbursed Landlord for all Rent and other sums due Landlord hereunder. Landlord, on terms and conditions satisfactory to Landlord in its sole discretion, may upon request from Tenant's employees, enter the Premises for the purpose of retrieving therefrom personal property of such employees, provided, Landlord shall have no obligation to do so.

(f) Exercise any and all other remedies available to Landlord in this Lease, at law or in equity.

Section 7.3 Waiver of Duty to Relet or Mitigate. Notwithstanding
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anything contained herein to the contrary, to the full extent permitted under applicable law, Tenant and Landlord agree that Landlord shall have no duty to relet the Premises or otherwise mitigate damages under this Lease and Tenant hereby releases Landlord from any and all duty to relet the Premises or otherwise mitigate damages. Tenant agrees that Landlord shall not be liable, nor shall Tenant's obligations hereunder be diminished, because of Landlord's failure to relet the Premises or collect rent due with respect to such reletting. Furthermore, Tenant hereby waives any and all rights to plead such

failure of Landlord to mitigate damages as an affirmative defense in any proceeding based on any Default by Tenant under this Lease. In the event, and only in the event, that (despite such waiver and contrary to the intent of the parties hereunder) applicable law requires Landlord to attempt to mitigate damages, Landlord and Tenant agree that any such duty to mitigate shall be satisfied and Landlord shall be deemed to have used objectively reasonable efforts to fill the Premises by doing the following: (a) posting a "For Lease" sign on the Premises; (b) advising Landlord's leasing agent of the availability of the Premises; and (c) advising at least five (5) national outside commercial brokerage entities of the availability of the Premises; provided, however, that
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Landlord shall not be obligated to relet the Premises before leasing any other unoccupied portions of the Project and any other property under the ownership or control of Landlord. If Landlord receives any payments from the reletting of the Premises and is required to mitigate damages (despite the intent of the parties hereunder), any such payment shall first be applied to any costs or expenses incurred by Landlord as a result of Tenant's Default under this Lease.

Section 7.4 Reentry. If Tenant fails to allow Landlord to reenter and repossess the Premises, Landlord shall have full and free license to enter into and upon the Premises with process of law for the purpose of repossessing the Premises, expelling or removing Tenant and any others who may be occupying or within the

Premises, removing any and all property therefrom and changing all door locks of the Premises. Landlord may take these actions without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, without accepting surrender of possession of the Premises by Tenant, and without incurring any liability for any damage resulting therefrom, including without limitation any liability arising under applicable state law and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law or in equity.

Section 7.5 Rights of Landlord in Bankruptcy. Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove for and obtain in proceedings for bankruptcy or insolvency, by reason of the expiration or termination of this Lease or the termination of Tenant's right of occupancy, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to in this Section 7.5. In the event that under applicable law, the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to perform the obligations of Tenant hereunder, such trustee or Tenant shall, in such time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant hereunder outstanding as of the date of the affirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease.

Section 7.6 Waiver of Certain Rights. To the extent permitted by applicable law, Tenant hereby expressly waives any and all rights Tenant may have under applicable state law to its right to redeem the Premises or otherwise recover possession of the Premises after a termination of this Lease. Tenant hereby waives any and all liens (whether statutory, contractual or constitutional) it may have or acquire as a result of a breach by Landlord under this Lease. Tenant also waives and releases any statutory lien and offset rights it may have against Landlord, including without limitation the rights conferred upon applicable state law.

Section 7.7 Non-Waiver. Failure on the part of Landlord to complain of any action or nonaction on the part of Tenant, no matter how long the same may

continue, shall not be deemed to be a waiver by Landlord of any of its rights under this Lease. Further, it is covenanted and agreed that no waiver at any time of any of the provisions hereof by Landlord shall be construed as a waiver of any of the other provisions hereof and that a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions. The consent or approval by Landlord to or of any action by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant.

Section 7.8 Holding Over. In the event Tenant remains in possession of the Premises after the expiration or termination of this Lease without the execution of a new lease, then Tenant, at Landlord's option, shall be deemed to be occupying the Premises as a tenant at will at a base rental equal to one hundred twenty five percent (125%) for the first thirty (30) days, then one hundred fifty percent (150%) thereafter of the then applicable Base Rent, and shall otherwise remain subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to a tenancy at will, including without limitation the payment of all other Rent; provided, however, nothing contained herein shall require Landlord to give Tenant more than thirty (30) days prior written notice to terminate Tenant's tenancy-at-will. No holding over by Tenant after the expiration or termination of this Lease shall be construed to extend or renew the Term or in any other manner be construed as permission by Landlord to hold over. Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Premises effective upon the termination or expiration of this Lease, and for all other losses, costs and expenses, including reasonable attorneys' fees, incurred by reason of such holding over.

Section 7.9 Abandonment of Personal Property. Any personal property left in the Premises or any personal property of Tenant left about the Project at the expiration or termination of this Lease, the termination of Tenant's right to occupy the Premises or the abandonment, desertion or vacating of the Premises by Tenant, shall be deemed abandoned by Tenant and may, at the option of Landlord, be immediately removed from the Premises or such other space by Landlord and stored by Landlord at the full risk, cost and expense of Tenant. Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. In the event Tenant does not reclaim any such personal property and pay all costs for any storage and moving thereof within thirty (30) days after the expiration or termination of this Lease, the termination of Tenant's right to occupy the Premises or the abandonment, desertion or vacating of the Premises by Tenant, Landlord may dispose of such personal property in any way that it deems proper. If Landlord shall sell any such personal property, it shall be entitled to retain from the proceeds the amount of any Rent or other expenses due Landlord, together with the cost of storage and moving and the expense of the sale. Notwithstanding anything contained herein to the contrary, in addition to the rights provided herein with respect to any such property, Landlord shall have the option of exercising any of its other rights or remedies provided in the Lease or exercising any rights or remedies available to Landlord at law or in equity.

Section 7.10 Quiet Enjoyment. So long as there is no continuing event of default by Tenant as defined in Section 7.1, Landlord covenants and agrees that Tenant shall peacefully and quietly have, hold and enjoy the Premises for the Term without hindrance by Landlord or any person claiming through or under Landlord.

ARTICLE VIII.

Section 8.1 Transfers. Except in strict accordance with the provisions of this Article VIII, Tenant shall not, by operation of law or otherwise, (a)

assign, transfer, mortgage, pledge, hypothecate or otherwise encumber this

Lease, the Premises or any part of or interest in this Lease or the Premises, (b) grant any concession or license within the Premises, (c) sublet all or any part of the Premises or any right or privilege appurtenant to the Premises, or (d) permit any other party to occupy or use all or any part of the Premises (collectively, a "Transfer"), without the prior written consent of Landlord which consent shall not be unreasonably withheld, delayed or conditioned. This prohibition against a Transfer includes, without limitation, (i) any subletting or assignment which would otherwise occur by operation of law, merger, consolidation, reorganization, transfer or other change of Tenant's corporate or proprietary structure, except in accordance with this Section 8.1; (ii) an assignment or subletting to or by a receiver or trustee in any Federal or State bankruptcy, insolvency, or other proceedings; (iii) the sale, assignment or transfer of all or substantially all of the assets of Tenant, with or without specific assignment of Lease; (iv) the change in control in a partnership; or (v) conversion of Tenant to a limited liability entity. If Tenant converts to a limited liability entity without obtaining the prior written consent of Landlord: (i) the conversion shall be null and void for purposes of the Lease, including the determination of all obligations and liabilities of Tenant and its partners to Landlord; (ii) all partners of Tenant immediately prior to its conversion to a limited liability shall be fully liable, jointly and severally, for obligations of Tenant accruing under this Lease pre-conversion and post-conversion, and all members and other equity holders in Tenant post-conversion shall be fully liable for all obligations and liabilities of Tenant accruing under the Lease after the date such members and other equity holders are admitted to the limited liability entity as if such person or entity had become a general partner in a partnership; and (iii) Landlord shall have the option of declaring Tenant in Default under this Lease. If Tenant requests Landlord's consent to any Transfer, then Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Premises; a copy of the proposed sublease or assignment agreement; banking, financial and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Landlord's consent to a Transfer shall not release Tenant from performing its obligations under this Lease, but rather Tenant's transferee shall assume all of Tenant's obligations under this Lease in a writing satisfactory to Landlord, and Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfer. If the aggregate rental, bonus or other consideration paid by a transferee for any such space exceeds the sum of (y) Tenant's Rent to be paid to Landlord for such space during such period less (z) Tenant's costs and expenses actually incurred in connection with such Transfer, including reasonable brokerage fees, reasonable costs of finishing or renovating the space affected and reasonable cash rental concessions, which costs and expenses are to be amortized over the term of the Transfer (a "Profit"), then fifty percent (50%) of such Profit shall be paid to Landlord over the term after such amount is earned by Tenant (notwithstanding the foregoing, Tenant shall be entitled to retain one hundred percent (100%) of any Profit with respect to the first thirty thousand (30,000) rentable square feet of Premises subleased by Tenant). Such Profit in the case of a sublease shall be calculated and adjusted (if necessary) on a Lease Year (or partial Lease Year) basis, and there shall be no cumulative adjustment for the Term. Landlord shall have the right to audit Tenant's books and records relating to the Transfer. Tenant authorizes its transferees to make payments of rent and any other sums due and payable, directly to Landlord upon receipt of notice from Landlord to do so. Any attempted Transfer by Tenant in violation of the terms and covenants of this Article VIII shall be void and shall constitute a Default by Tenant under this Lease. In the event that Tenant requests that Landlord consider a sublease or assignment hereunder, Tenant shall pay Landlord's reasonable fees including Landlord's reasonable attorney's fees, not to exceed Five Hundred and 00/100 Dollars ($500.00) per transaction, incurred in connection with the consideration of such request.

Section 8.2 Permitted Transfers. Notwithstanding any provision to the contrary, Tenant may assign this Lease or sublet the Premises without Landlord's consent (i) to any corporation or affiliate or any other entity that controls, is controlled by or is under common control with Tenant; (ii) to any corporation or other entity resulting from a merger, acquisition, consolidation or reorganization of or with Tenant; (iii) in connection with the sale of all or substantially all of the assets of Tenant (collectively, a "Permitted Transferee"), so long as Tenant provides evidence to Landlord in writing that such assignment or sublease complies with the criteria set forth in (i), (ii) or (iii) above and provided such assignee, subtenant or successor-in-interest expressly assumes Tenants' obligations and liabilities hereunder. No such assignment, sublease or transfer, however, shall release Tenant from any covenant, liability or obligation under this Lease unless agreed to by Landlord in writing.

Section 8.3 Assignment by Landlord. Landlord shall have the right at any time to sell, transfer or assign, in whole or in part, by operation of law or otherwise, its rights, benefits, privileges, duties, obligations or interests in this Lease or in the Premises, the Building, the Land, the Project and all other property referred to herein, without the prior consent of Tenant, and such sale, transfer or assignment shall be binding on Tenant. After such sale, transfer or assignment, Tenant shall attorn to such purchaser, transferee or assignee, and Landlord shall be released from all liability and obligations under this Lease accruing after the effective date of such sale, transfer or assignment.

Section 8.4 Limitation of Landlord's Liability. Any provisions of this Lease to the contrary notwithstanding, Tenant hereby agrees that no personal, partnership or corporate liability of any kind or character (including, without limitation, the payment of any judgment) whatsoever now attaches or at any time hereafter under any condition shall attach to Landlord or any of Landlord's Related Parties or any mortgagee for payment of any amounts payable under this Lease or for the performance of any obligation under this Lease. The exclusive remedies of Tenant for the failure of Landlord to perform any of its obligations under this Lease shall be to proceed against the interest of Landlord in and to the Project. Further, in no event shall Landlord be liable to Tenant, or any interest of Landlord in the Project be subject to execution by Tenant, for any indirect, special, consequential or punitive damages. In no event shall Tenant be liable to Landlord for any indirect, special, consequential (except for Tenant's indemnity of Landlord set forth in Section 7.8 hereof) or punitive damages.

ARTICLE IX.

Section 9.1 Subordination. Landlord represents and warrants to Tenant that the Project is not currently subject to any mortgage, deed of trust, ground lease or similar encumbrance. This Lease shall be subject and subordinated at all times to (a) all ground or underlying leases which may hereinafter be executed affecting the Project, and (b) the lien or liens of all mortgages and deeds of trust in any amount or amounts whatsoever hereafter placed on the Project or Landlord's interest or estate therein or on or against such ground or underlying leases and to all renewals, modifications, consolidations, replacements and extensions thereof and to each advance made or hereafter to be made thereunder. Tenant shall execute and deliver upon demand any instruments, releases or other documents requested by Landlord, any lessor or mortgagee for the purpose of subjecting and subordinating this Lease to such ground leases, mortgages or deeds of trust. Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease or otherwise, only upon

such party's request and at such party's sole discretion but not otherwise. Notwithstanding such attornment, Tenant agrees that any such successor in interest shall not be (a) liable for any act or omission of, or subject to any rights of setoff, claims or defenses otherwise assertable by Tenant against, any prior owner of the Project (including without limitation, Landlord), (b) bound by any rents paid more than one (1) month in advance to any prior owner, and (c) if such successor is a mortgagee or a ground lessor whose address has been previously given to Tenant, bound by any modification, amendment, extension or cancellation of the Lease not consented to in writing by such mortgagee or ground lessor. Tenant shall execute all such agreements confirming such attornment as such party may reasonably request. Tenant shall not seek to enforce any remedy it may have for any default on the part of Landlord without first giving written notice by certified mail, return receipt requested, specifying the default in reasonable detail, to any mortgagee or lessor under a lien instrument or lease covering the Premises whose address has been given to Tenant, and affording such mortgagee or lessor a reasonable opportunity to perform Landlord's obligations hereunder. Notwithstanding the generality of the foregoing, any mortgagee or ground lessor may at any time subordinate any such deeds of trust, mortgages, other security instruments or ground leases to this Lease on such terms and conditions as such mortgagee or ground lessor may deem appropriate.

Section 9.2 Estoppel Certificate or Three-Party Agreement. Tenant agrees within fifteen (15) business days following request by Landlord (a) to execute, acknowledge and deliver to Landlord and any other persons specified by Landlord, a certificate or three-party agreement among Landlord, Tenant and/or any third party dealing with Landlord, certifying (i) that this Lease is unmodified and in full force and effect, or, if modified, stating the nature of such modification (ii) the date to which the Rent and other charges are paid in advance, if any, (iii) that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or so specifying such defaults, if any, as are claimed and/or (iv) any other matters as such third party may reasonably require in connection with the business dealings of Landlord and/or such third party. Tenant's failure to deliver such certificate or three-party agreement within such fifteen (15) business day period shall be conclusive upon Tenant (x) that this Lease is in full force and effect without modification except as may be represented by Landlord, (y) that to Tenant's knowledge there are no uncured defaults in Landlord's performance, and (z) that no Rent has been paid in advance except as set forth in this Lease.

Section 9.3 Notices. Any notice, request, approval, consent or other communication required or contemplated by this Lease must be in writing, unless otherwise in this Lease expressly provided, and may be given or be served by depositing the same in the United States Postal Service, postpaid and certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party (or, in case of a corporate party, to an officer of such party), or by prepaid telegram or express overnight mail service, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be effective from and after three (3) days (exclusive of Saturdays, Sundays and postal holidays) after such deposit. Notice given in any other manner shall be effective only if and when delivered to the party to be notified or at such party's address for purposes of notice as set forth herein. For purposes of notice the addresses of the parties shall, until changed as herein provided, be as provided on the first page of this Lease; provided, that any notices sent to Tenant will only be effective if copies thereof are simultaneously sent to IKON Office Solutions, Inc. 70 Valley Stream Parkway, Malvern PA 19355, Attn: Real estate Department and 810 Gears Road, Houston, Texas, Attn: Facilities Manager, and provided, that any notices sent to Landlord will only be effective if copies thereof are simultaneously sent to Brookdale Investors Three, L.P., 3343 Peachtree Road, N.E., Suite 510, Atlanta, Georgia 30326, Attention: Mr. Fred Henritze, and SV Reserve, L.P., c/o Simmons, Vedder & Co., 210 Barton Springs Road, Suite 500, Austin, Texas 78704, Attention: Mr. David Arnow. The parties hereto shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days' written notice to t he other party in the manner set forth in this Section 9.3.

ARTICLE X.

Section 10.1 Rights and Remedies Cumulative. The rights and remedies of Landlord and Tenant under this Lease shall be nonexclusive and each right or remedy shall be in addition to and cumulative of all other rights and remedies available to Landlord and Tenant under this Lease or at law or in equity. Pursuit of any right or remedy shall not preclude pursuit of any other rights or remedies provided in this Lease or at law or in equity, nor shall pursuit of any right or remedy constitute a forfeiture or waiver of any Rent due to Landlord or services to be provided to Tenant or of any damages accruing to Landlord or Tenant by reason of the violation of any of the terms of this Lease.

Section 10.2 Legal Interpretation. This Lease and the rights and obligations of the parties hereto shall be interpreted, construed and enforced in accordance with the laws of the state in which the Building is located and the United States. The determination that one or more provisions of this Lease is invalid, void, illegal or unenforceable shall not affect or invalidate any other provision of this Lease, and this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Lease, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. All obligations of either party hereunder not fully performed as of the expiration or termination of the Term of this Lease shall survive the expiration or termination of the Term of this Lease and shall be fully enforceable in accordance with those provisions pertaining thereto. Article and section titles and captions appearing in this Lease are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Lease. No custom or practice which may evolve between the parties in the administration of the terms of this Lease shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms of this Lease. This Lease is for the sole benefit of Landlord and Tenant, and, without the express written consent thereto, no third party shall be deemed a third party beneficiary hereof. Tenant agrees that this Lease supersedes and cancels any and all previous statements, negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant with respect to the subject matter of this Lease or the Premises and that this Lease, including written extrinsic documents referred to herein, is the entire agreement of the parties, and that there are no representations, understandings, stipulations, agreements, warranties or promises (express or implied, oral or written) between Landlord and Tenant with respect to the subject matter of this Lease or the Premises. It is likewise agreed that this Lease may not be altered, amended, changed or extended except by an instrument in writing signed by both Landlord and Tenant. The terms and provisions of this Lease shall not be construed against or in favor of a party hereto merely because such party is the "Landlord" or the "Tenant" hereunder or because such party or its counsel is the draftsman of this Lease. All references to days in this Lease and any Exhibits or Addendums hereto mean calendar days, not working or business days, unless otherwise stated.

Section 10.3 Authority. Both Tenant and the person executing this Lease on behalf of Tenant warrant and represent unto Landlord that (a) Tenant is a duly organized and validly existing legal entity, in good standing and qualified to do business in the state in which the Building is located, with no proceedings pending or contemplated for its dissolution or reorganization, voluntary or involuntary, (b) Tenant has full right, power and authority to execute, deliver and perform this Lease, (c) the person executing this Lease on behalf of Tenant is authorized to do so, (d) upon execution of this Lease by Tenant, this Lease shall constitute a valid and legally binding obligation of Tenant, and (e) upon request of Landlord, such person will deliver to Landlord

satisfactory evidence of the matters set forth in this Section. Both Landlord and the person executing this Lease on behalf of Landlord warrant and represent unto Tenant that (a) Landlord is a duly organized and validly existing legal entity, in good standing and qualified to do business in the state in which the Building is located, with no proceedings pending or contemplated for its dissolution or reorganization, voluntary or involuntary, (b) Landlord has full right, power and authority to execute, deliver and perform this Lease, (c) the person executing this Lease on behalf of Landlord is authorized to do so, (d) upon execution of this Lease by Landlord, this Lease shall constitute a valid and legally binding obligation of Landlord, and (e) upon request of Tenant, such person will deliver to Tenant satisfactory evidence of the matters set forth in this Section.

Section 10.4 Brokers. Landlord and Tenant warrant and represent to the other that it has not dealt with any real estate broker and/or salesman (other than Cushman Realty Corporation, who represented Landlord and The Staubach Company who represented Tenant) in connection with the negotiation or execution of this Lease and no such broker or salesman has been involved in connection with this Lease, and each party agrees to defend, indemnify and hold harmless the other party from and against any and all costs, expenses, attorneys' fees or liability for any compensation, commission and charges claimed by any real estate broker and/or salesman (other than the aforesaid brokers) due to acts of such party or such party's representatives.

Section 10.5 Consents by Landlord. In all circumstances under this Lease where the prior consent or permission of Landlord is required before Tenant is authorized to take any particular type of action, such consent must be in writing and, unless the provision specifies to the contrary, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

With respect to any provision of this Lease which provides that Landlord shall not unreasonably withhold or unreasonably delay any consent or any approval, Tenant, in no event, shall be entitled to make, nor shall Tenant make, any claim for, and Tenant hereby waives any claim for money damages; nor shall Tenant claim any money damages by way of setoff, counterclaim or defense, based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval; but Tenant's sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance, injunction or declaratory judgment.

Section 10.6 Joint and Several Liability. If there is more than one Tenant, then the obligations hereunder imposed upon Tenant shall be joint and several. If there is a guarantor of Tenant's obligations hereunder, then the obligations hereunder imposed upon Tenant shall be the joint and several obligations of Tenant and such guarantor, and Landlord need not first proceed against Tenant before proceeding against such guarantor nor shall any such guarantor be released from its guaranty for any reason whatsoever.

Section 10.7 Independent Covenants. The obligation of Tenant to pay Rent and other monetary obligations provided to be paid by Tenant under this Lease and the obligation of Tenant to perform Tenant's other covenants and duties under this Lease constitute independent, unconditional obligations of Tenant to be performed

at all times provided for under this Lease, save and except only when an abatement thereof or reduction therein is expressly provided for in this Lease and not otherwise, and Tenant acknowledges and agrees that in no event shall such obligations, covenants and duties of Tenant under this Lease be dependent upon the condition of the Premises or the Project, or the performance by

Landlord of its obligations hereunder.

Section 10.8 Attorneys' Fees and Other Expenses. In the event either party hereto defaults in the faithful performance or observance of any of the terms, covenants, provisions, agreements or conditions contained in this Lease, the party in default shall be liable for and shall pay to the nondefaulting party all reasonable expenses incurred by such party in enforcing any of its remedies for any such default, and if the nondefaulting party places the enforcement of all or any part of this Lease in the hands of an attorney, the party in default agrees to pay the nondefaulting party's reasonable attorneys' fees in connection therewith.

Section 10.9 Recording. Neither Landlord nor Tenant shall record this Lease, but a short-form memorandum hereof may be recorded at the request of Landlord.

Section 10.10 Disclaimer; Waiver of Jury Trial. LANDLORD AND TENANT EXPRESSLY ACKNOWLEDGE AND AGREE, AS A MATERIAL PART OF THE CONSIDERATION FOR LANDLORD'S ENTERING INTO THIS LEASE WITH TENANT, THAT, EXCEPT AS OTHERWISE SET FORTH IN THIS LEASE, LANDLORD HAS MADE NO WARRANTIES TO TENANT AS TO THE USE OR CONDITION OF THE PREMISES OR THE PROJECT, EITHER EXPRESS OR IMPLIED, AND LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES OR THE PROJECT ARE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE OR ANY OTHER WARRANTY (EXPRESS OR IMPLIED) REGARDING THE PREMISES OR THE PROJECT. EXCEPT AS EXPRESSLY SET FORTH IN THIS LEASE, LANDLORD AND TENANT EXPRESSLY AGREE THAT THERE ARE NO, AND SHALL NOT BE ANY, IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND ARISING OUT OF THIS LEASE, ALL SUCH OTHER EXPRESS OR IMPLIED WARRANTIES IN CONNECTION HEREWITH BEING EXPRESSLY DISCLAIMED AND WAIVED.

LANDLORD AND TENANT WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS LEASE. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY TENANT AND TENANT ACKNOWLEDGES THAT NEITHER LANDLORD NOR ANY PERSON ACTING ON BEHALF OF LANDLORD HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. TENANT FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS LEASE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. TENANT FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION AND AS EVIDENCE OF SAME HAS EXECUTED THIS LEASE.

Section 10.11 Access to Roof. Tenant shall have the right to access the roof of the Building necessary to accomplish the work reflected in the Final Plans. Tenant or Tenant's contractors shall not take any action that will nullify, void or otherwise adversely affect Landlord's roof warranty. It is anticipated that this would include but not be limited to HVAC, electrical, and satellite dish installations included in Exhibit C of this Lease. Otherwise, Tenant shall have no right of access to the roof of the Building.

Section 10.12 Parking. Tenant's occupancy of the Premises shall at all times include the use of five and four tenths (5.4) parking spaces per 1,000 rentable square feet initially leased by Tenant which parking spaces shall be used in common with other tenants, invitees and visitors of the Building. Tenant shall have the right to park in the Building parking facilities in common with other tenants of the Building upon such terms and conditions established by Landlord at any time during the Term of this Lease. Tenant agrees not to overburden the parking facilities by using the parking facilities in excess of the parking ratio described above and agrees to cooperate with Landlord and other tenants in use of the parking facilities. Landlord reserves the right to reconfigure the parking area and modify the existing ingress to and egress from the parking area as Landlord shall deem appropriate. At any time on or before

May 1, 2003, Tenant shall have the right to cause Landlord to reconfigure the parking area (which may include an area currently used as a buffer in the parking area) so as to make available to Tenant a total of six (6) parking spaces per 1,000 rentable square feet of Premises initially leased or expanded by Tenant. Such reconfiguration shall be at Landlord's sole cost and expense subject to Landlord's right to amortize such costs in Operating Expenses over the remaining Term of this Lease. Tenant shall have fifteen (15) exclusive visitor parking spaces for the term of the Lease and any Renewals thereafter.

Section 10.13 No Accord or Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent and other sums due hereunder shall be deemed to be other than on account of the earliest Rent or other sums due, nor shall any endorsement or statement on any check or accompanying any check or payment be deemed an accord and satisfaction; and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or other sum and to pursue any other remedy provided in this Lease.

Section 10.14 Acceptance. The submission of this Lease by Landlord does not constitute an offer by Landlord or other option for, or restriction of, the Premises, and this Lease shall only become effective and binding upon Landlord, upon full execution hereof by Landlord and delivery of a signed copy to Tenant.

Section 10.15 Waiver of Counterclaim. Tenant hereby waives the right to interpose any counterclaim of whatever description in any summary proceeding.

Section 10.16 Time Is of the Essence. Time is of the essence of this Lease. Unless specifically provided otherwise, all references to terms of days or months shall be construed as references to calendar days or calendar months, respectively.

Section 10.17 Counterparts. This Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

IN TESTIMONY WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

SV RESERVE, L.P., a Georgia limited partnership

By: SV Reserve GP, LLC, a Georgia limited liability company, its sole general partner

By: /s/ C.L. Davidson, III
C.L. Davidson, III
President

TENANT:

IKON OFFICE SOLUTIONS, INC., an Ohio corporation

By: /s/ Ronald Rael

Name: Ronald Rael

Title: Director of Real Estate

EXHIBIT A

LEGAL DESCRIPTION OF LAND

METES AND BOUNDS DESCRIPTION
15.69 ACRES (683,641) SQUARE FEET

Being 15.69 acres (683,641 square feet) of land situated in the W.C.R.R. Co. Survey, Section 17, Abstract 889, Harris County, Texas, and being out of that certain 583,907 acre tract of land called "Tract 1" recorded under File Number G443632 and Film Code 132-81-0495 and under File Number G445633 and Film Code 132-81-0308, both of the Harris County Official Public Records of Real Property, and also being all of Restricted Reserves "A" and "B" in Greens Crossing, Section Four, a subdivision recorded in Volume 308, Page 2 of the Harris County Map Records: said 15.69 acres (683,641 square feet) of land being more particularly described by metes and bounds as follows (all bearings are referenced to the monumented north right-of-way line of Gears Road, varying in width as recorded under Film Number H263645 and Film Code 002-97-1374 of the Harris County Official Public Records of Real Property);

BEGINNING at a 5/8 inch iron rod set for the most southerly and of a 10-foot cutback located at the intersection of the west right-of-way line of Greens Crossing Boulevard, now based on 90 feet in width and recorded in Volume 308, Page 2 of the Harris County Map Records, with the north right-of-way line of said Gears Road, based on 90 feet in width, and being the most southerly southeast corner of said Restricted Reserve "3" and also being the most southerly southeast corner of the herein described tract of land;

THENCE S 87"42'11" W 882.90 feet, with the north right-of-way line of said Gears Road, and passing at 430.00 feet the southwest corner of said Reserve "B", same being the southeast corner of said Reserve "A", and passing at 831.12 feet a 5/8 inch iron rod found for the southwest corner of said Reserve "A", to a 5/8 inch iron rod found for the beginning of a curve;

THENCE 158.16 feet, with the arc of a curve to the left in the north right-of-way line of said Gears Road, now varying in width whose chord bears 3 85"26'16" W 158.11 feet and having a central angle of 04"31'31" and a radius of 2000.00 feet, to a 5/8 inch iron rod found for a point of reverse curve;

THENCE 158.16 feet, with the arc of a curve to the right whose chord bears 5 85"26'16" W 158.11 feet and having a central angle of 04"31'51" and a radius of 2000.00 feet, to a 5/8 inch iron rod found for the end of the curve and being the southwest corner of this tract and also being the intersection of the north right-of-way line of said Gears Road with the east line of that certain 6.118 acre tract of land called Parcel Three and conveyed to Harris County Flood Control District by instrument recorded under File Number H617939 and Film Code 025-58-0472 of the Harris County Official Public Records of Real Property;

THENCE N 02"17'30" W 177.50 feet, with the east line of said Parcel Three, to a 5/8 inch iron rod found for beginning of a curve;

THENCE 118.11 feet, with the arc of a curve to the left in the east line of said Parcel Three whose chord bears N 19"32'07" W 116.26 feet and having a central angle of 35"09'14" and a radius of 192.50 feet, to a 5/8 inch iron rod set for the end of the curve;

THENCE N 37"26'44" W 58.47 feet, to a 5/8 inch iron rod found for the intersection of the east line of said Parcel Three, with the east right-of-way line of Old Gears Road, based on 50 feet in width, and being a corner in the west line of this tract;

15.69 ACRES (683,641 SQUARE FEET)

THENCE N 02 degrees 17' 30" W 38.97 feet to a 5/8 inch iron rod set for the intersection of the east right-of-way line of said Old ? Road with the south right-of-way line of West Greens Road, based on 80 feet in width and recorded in Volume 4201, Page ? of the Harris County Deed Records, and being the northwest

corner of this tract;

THENCE N 42 degrees 44' 13" E 209.58 feet, with the south right-of-way line of said West Greens Road, to a 5/8 inch iron rod set for the beginning of a curve;

THENCE 396.81 feet, with the arc of a curve to the right in the south right-of-way line of said West Greens Road whose chord bears N 53 degrees 00' 38" E 394.68 feet and having a central angle of 20 degrees 33' 29" and a radius of 1105.91 feet, to the end of the curve and the northwest corner of Restricted Reserve "A" in Greens Crossing, Section Eight, a subdivision recorded in Volume 321, Page 98 of the Harris County Map Records, same being the northwest corner of that certain 1.6706 acre tract of land conveyed to Southwestern Bell Telephone Company by instrument recorded under File Number H367735 and Film Code 009-39-1404 of the Harris County Official Public Records of Real Property, and being the most northerly northeast corner of this tract and from which a Southwestern Bell Telephone Company monument in concrete bears N 44 degrees 39' 28" E 0.46 feet;

THENCE S 02 degrees 50' 58" E 283.06 feet to a Southwestern Bell Telephone Company monument in concrete found for the southwest corner of said Restricted Reserve "A" in Greens Crossing, Section Eight, and being an interior corner of this tract and also being in the north line of said Restricted Reserve "A" in Greens Crossing, Section Four;

THENCE N 87 degrees 25' 13" E 797.20 feet, passing at 224.58 feet a Southwestern Bell Telephone Company monument in concrete found for the southeast corner of said Restricted Reserve "A" in Greens Crossing, Section Eight, same being the southwest corner of Restricted Reserve "B" in said Greens Crossing, Section Eight, and passing at 362.06 feet the northeast corner of said Restricted Reserve "A" in Greens Crossing, Section Four, same being the northwest corner of said Restricted Reserve "B" in Greens Crossing, Section Four, to a 5/8 inch iron rod set for the southeast corner of said Restricted Reserve "B" in Greens Crossing, Section Eight, same being the northeast corner of said Restricted Reserve "B" in Greens Crossing, Section Four, and being the most easterly northeast corner of this tract and also being in the west right-of-way line of said Greens Crossing Boulevard;

THENCE S 02 degrees 50' 58" E 496.24 feet to a 5/8 inch iron rod found for the most northerly and of said 10-foot cutback located at the intersection of the west right-of-way line of said Greens Crossing Boulevard with the north right-of-way line of said ? Road and being the most easterly southeast corner of said Restricted Reserve "B" in Greens Crossing, Section Four and also being the most easterly southeast corner of this tract;

15.69 ACRES (683,641 SQUARE FEET)

THENCE S 42 degrees 25' 37" W 14.07 feet to the PLACE OF BEGINNING and containing 15.69 acres (683,641 square feet) of land.

The area stated in acres is compatible with the allowable precision of closure for this survey. The area stated in square feet is a calculated value only.

Jeffrey N. Heck
Registered Professional Land Surveyor
Texas Registration No. 4385

Texas Land Surveying, Inc.
P.O. Box 5825 Pasadena, Texas 77308
(281) 437-5380
Job No. 0273-041A May 6, 1998

EXHIBIT 10.92

FIRST AMENDMENT TO LEASE AGREEMENT

FOR THE IKON BUILDINGS

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment"), made and entered into as of the 2/nd/ day of March, 2000 (the "Effective Date"), by and between SV RESERVE, L.P., a Georgia limited partnership ("Landlord") and IKON OFFICE SOLUTIONS, INC., an Ohio corporation ("Tenant");

W I T N E S S E T H T H A T:

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated December 17, 1999 (the "Lease") for certain premises in the buildings commonly known as The Reserve at Green's Crossing located at 810 ("Building A") and 820 ("Building B") Gears Road, Houston, Texas (sometimes collectively referred to herein as the "Building"), consisting of a total of approximately 140,895 rentable square feet of space (the "Premises") [all of Building A which consists of 78,895 rentable square feet of space (the "Phase I Space"); approximately 30,000 rentable square feet of space in Building B (the "Phase II Space"); and, approximately 32,000 rentable square feet of space in Building B (the "Phase III Space")];

WHEREAS, Landlord has agreed to lease additional premises to Tenant consisting of the balance of the remaining space in Building B and Tenant has agreed to lease from Landlord such additional premises; and

WHEREAS, Landlord and Tenant desire to evidence such expansion of the Premises and to amend certain other terms and conditions of the Lease and evidence their agreements and other matters by means of this Amendment.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lease is hereby amended and the parties hereto do hereby agree as follows:

1. Tenant shall lease from Landlord all of the remaining space located in Building B as shown on Exhibit "A" attached hereto and by this reference
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made a part hereof which is composed of 16,895 rentable square feet of space (the "Expansion Space"), increasing the total rentable square feet of space leased pursuant to the Lease to 157,790. The Lease is hereby amended by adding the Expansion Space as part of the Premises and, in particular to, the Phase III Space for all purposes, except as set forth herein.

2. As Tenant now leases all of the space in Building A and Building B, Exhibit C, Special Stipulations Nos. 9 and 10 are hereby deleted.

3. The Base Rent schedule as set forth in Section 3.1(a) of the Lease shall be revised as follows:

Month of Term	Base Rent per Square Foot	Annual Base Rent	Monthly Base Rent
1 - 2	$10.125	$ 798,811.87	$ 66,567.66
3 - 4	$10.125	$1,102,561.80	$ 91,880.15
5 - 9	$10.125	$1,597,623.75	$133,135.31

10 - 60	$12.775	$2,015,767.25	$167,980.60
61 - 120	$14.125	$2,228,783.75	$185,731.98

4. Tenant's Pro Rata Share is hereby amended to be one hundred percent (100%).

5. The tenant improvements for the Expansion Space shall be constructed in accordance with the terms of Exhibit "E" to the Lease.

6. Exhibit "B" of the Lease is hereby deleted in its entirety and shall be replaced by the exhibit attached hereto as Exhibit "B" and by this reference made a part hereof.

7. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Lease.

8. This Amendment represents the entire agreement between the parties hereto. Landlord and Tenant agree that there are no collateral or oral agreements or understandings between them with respect to the Premises or the Building. This Amendment supersedes all prior negotiations, agreements, letters or other statements with respect to Tenant's expansion of the Premises.

EXCEPT AS expressly amended and modified hereby, the Lease shall otherwise remain in full force and effect, the parties hereto hereby ratifying and confirming the same. To the extent of any inconsistency between the Lease and this Amendment, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the undersigned parties have duly executed this Amendment as of the day and year first above written.

LANDLORD:

S.V. RESERVE, L.P.
a Georgia limited partnership

By: SV Reserve GP, LLC,
a Georgia limited liability company,
its sole general partner

By:/s/ C.L. Davidson, III
C.L. Davidson, III
President

TENANT:

IKON OFFICE SOLUTIONS, INC.
an Ohio corporation

By: /s/ Ronald Rael
Its: Director of Real Estate

EXHIBIT 10.93

REINSTATEMENT OF AND SECOND AMENDMENT TO LEASE AGREEMENT
FOR THE IKON BUILDINGS

REINSTATEMENT OF AND SECOND AMENDMENT TO
AGREEMENT FOR THE PURCHASE
AND SALE OF PROPERTY

THIS REINSTATEMENT OF AND SECOND AMENDMENT TO AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY is made and entered into as of the _____day of September, 2001, by and between WELLS CAPITAL, INC., a Georgia corporation ("Purchaser") and SV RESERVE, L.P., a Georgia limited partnership ("Seller").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, the parties hereto entered into that certain Agreement for the Purchase and Sale of Property, dated as of July 23, 2001, relating to that certain property located at 810-820 Gears Road, Houston, Texas and being more particularly described on Exhibit A hereto(the "Property"), as amended by that certain First Amendment to Agreement for the Purchase and Sale of Property, dated August ___, 2001 (together, the "Agreement"); and

WHEREAS, the Agreement was timely terminated by Purchaser; and

WHEREAS, the parties desire to reinstate the Agreement and amend certain provisions of the Agreement;

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

1. The Agreement, as amended hereby, is reinstated.

2. Purchaser hereby waives the right to terminate the Agreement set forth in paragraph 5 of the Agreement, and said paragraph 5 shall be deleted from the Agreement.

3. Purchaser acknowledges that Purchaser waives all objections to title and survey with respect to the Property other than any Monetary Liens and matters first arising after the date of Purchaser's Title Commitment and the Title Company is currently prepared to satisfy the condition described in Paragraph 6(c) of the Agreement. In all other respects, Purchaser confirms that no default exists by Seller under the Agreement nor does Purchaser know of any fact or circumstances which would cause any of the conditions set forth in Paragraph 6 (other than delivery of the Tenant Estoppel Certificate) of the Agreement not to be satisfied.

4. Seller agrees to escrow from its proceeds at closing the sum of $50,000.00 pursuant to an escrow agreement in substantially the form attached as Exhibit B hereto.

5. The parties authorize and instruct the Escrow Agent to retain and hold in accordance with the Agreement the $500,000 in Earnest Money previously deposited by Purchaser notwithstanding prior instructions to the contrary.

6. Notwithstanding the date of Closing specified in paragraph 10 of the Agreement, the parties agree to use commercially reasonable efforts to close the transactions contemplated by the Agreement on or before September 7, 2001.

7. Capitalized terms used herein shall have the meaning assigned to them in the Agreement unless the context requires otherwise.

8. Except as expressly modified by the terms and conditions hereof, the terms and conditions of the Agreement shall remain unchanged and in full force and effect. Seller and Purchaser hereby ratify and affirm the Agreement as amended hereby.

9. This instrument may be executed in counterparts each of which shall be deemed an original and which taken together shall constitute one instrument. Facsimile copies shall be deemed to be originals.

[signatures commence on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by duly authorized representatives as of the day, month and year first above written.

"PURCHASER":

WELLS CAPITAL, INC.,
a Georgia corporation

By: /s/ Douglas P. Williams

Its: Douglas P. Williams

Senior Vice President

"SELLER":

SV RESERVE, L.P.,
a Georgia limited partnership

By: SV Reserve GP, LLC, a Georgia
Limited liability company, its
Sole general partner

By: /s/ C.L. Davidson

C. L. Davidson, President

EXHIBIT 10.94

AGREEMENT OF SALE FOR THE NISSAN PROPERTY

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this "Agreement") is made and entered into by and between THE RUTH RAY AND H.L. HUNT FOUNDATION and THE RUTH FOUNDATION, each a Texas non-profit corporation and each an owner of a fifty percent (50%) undivided interest in the Property hereinafter described (hereinafter referred to collectively as "SELLER", except where the context otherwise indicates that a reference to "a SELLER", "such SELLER", or other words to similar effect is intended to refer only to one such party) and NISSAN MOTOR ACCEPTANCE CORPORATION, a California corporation, or its permitted assignees (hereinafter referred to as "BUYER").

W I T N E S S E T H:

WHEREAS, SELLER is the owner of that certain tract of land located in the City of Irving, Dallas County, Texas, containing approximately 14.873 acres of land, which tract is more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property"); and

WHEREAS, BUYER desires to purchase the Property from SELLER and SELLER desires to sell the Property to BUYER, all upon the following terms, covenants, and conditions.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and subject to all of the following terms, provisions and conditions, SELLER and BUYER agree as follows:

1. Purchase and Sale; Purchase Price. (a) SELLER shall on the date of Closing (defined below) sell, assign, transfer, grant and convey to BUYER, and BUYER shall purchase from SELLER, by good and sufficient special warranty deed, upon all of the terms, covenants and conditions set forth in this Agreement, good and indefeasible fee simple title to the Property, together with the rights and appurtenances thereto belonging and any right, title and interest of SELLER in and to adjacent streets, alleys and rights-of-way to the centerline thereof, subject only to those matters expressly permitted herein. For and in consideration of the sale, assignment, transfer, grant and conveyance of the Property pursuant to the terms of this Agreement, BUYER shall pay the Purchase Price (as hereinafter defined) to SELLER, in cash or immediately available funds, at Closing, subject to the specific adjustments contemplated herein.

(b) The Purchase Price (herein so-called) for the Property shall be an amount determined by multiplying $8.56 by the number of Net Square Feet of land contained in the Property as determined pursuant to the Survey. For computing the Purchase Price the "Net Square Feet" of the Property shall be the number of gross square feet of land within the Property, less only the number of square feet of land, if any, within (i) public streets that are dedicated as such on the date hereof and (ii) the FEMA recognized 100-year flood plain.

2. Earnest Money. Within fifteen (15) business days of the date a fully executed copy of this Agreement has been received by BUYER, BUYER shall deliver

to American Title Company, 17480 Dallas Parkway, Suite 205, Dallas, Texas 75287 (Attn: Timothy S. Richards) (the "Title Company"), the sum of One Hundred Thousand and No/100 Dollars ($100,000.00) by wire transfer to, or in the form of cash or a cashier's check payable to the order of, the Title Company (the "Earnest Money"). At the Closing, the Earnest Money shall be credited against the Purchase Price. The Earnest Money shall be deposited by Title Company in an interest-bearing account, and all interest earned thereon shall be retained in such account and treated as additional Earnest Money for all purposes hereof. All interest earnings on the Earnest Money shall be reported to the Internal Revenue Service for the account of BUYER, whose Taxpayer Identification Number is 95-3680386.

3. Closing. Subject to the provisions of Section 3(c) of this Agreement, the closing of the sale and purchase of the Property (the "Closing") hereunder shall take place at the Title Company, or at such other place agreed to by SELLER and BUYER, within thirty (30) days after the end of the Inspection Period.

(a) At the Closing, SELLER shall deliver or cause to be delivered to BUYER the following:

(i) Special Warranty Deed ("Deed") conveying title to the Property to BUYER, subject to the "Permitted Exceptions" (as hereinafter defined). The Deed shall convey the Property on an "as is" condition and basis, with all faults, except as otherwise provided in Section 8(a) of this Agreement.

(ii) An irrevocable commitment from the Title Company to issue, promptly after the Closing and effective as of the Closing Date, an Owner Policy of Title Insurance for the Property as described in Section 6 hereof.

(iii) A certificate of Non-Foreign Status, in a form complying with Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

(iv) Evidence of SELLER'S capacity and authorization to close the transactions contemplated in this Agreement.

(v) Such other documents as are contemplated herein or as counsel to SELLER and BUYER may mutually agree are necessary or appropriate to carry out the intents and purposes of this Agreement, including, if required, a bill of sale or other assignment of personal property, if any, related to the Property.

(vi) Possession of the Property.

(b) At the Closing BUYER shall deliver or cause to be delivered to SELLER:

(i) Funds available for immediate disbursement at Closing in an amount equal to the Purchase Price, less the amount of the Earnest Money and as adjusted for prorations of expenses as provided herein.

(ii) The Zoning Agreement (as hereinafter defined).

(iii) Evidence of BUYER's capacity and authorization to close the transactions contemplated in this Agreement.

(iv) Such other documents as are contemplated herein or as counsel to SELLER and BUYER may mutually agree are necessary or appropriate to carry out the intents and purposes of this Agreement.

(c) Subject to the terms hereof, BUYER shall have the option to

extend the Closing for two (2) additional periods of thirty (30) days each. To exercise the first extension option ("First Extension Option") BUYER must (a) provide to SELLER, at least three (3) business days before the initial date of Closing, a written notice that BUYER has elected to extend the Closing by thirty (30) days, and (b) pay to SELLER, on or before the initial date of Closing, an extension payment ("First Extension Payment) in an amount equal to the product of the following calculation: (Purchase Price 8%) / 12 (By way of example, if the Purchase Price is $5,545,749.00, the extension payment would be $36,971.66). To exercise the second extension option BUYER must (a) provide to SELLER, at least three (3) business days before the date of Closing as extended by the exercise of the First Extension Option, written notice that BUYER has elected to extend the Closing for an additional thirty (30) days, and (b) pay to SELLER, on or before the date of Closing as extended by the exercise of the First Extension Option, an extension payment ("Second Extension Payment") in an amount equal to the First Extension Payment. Neither the First Extension Payment nor the Second Extension Payment will be refundable to BUYER; provided, however, the First Extension Payment and the Second Extension Payment shall be applied to the Purchase Price at Closing.

4. Title and Survey Review. (a) Within fifteen (15) days from the date a fully executed copy of this Agreement is received by BUYER, SELLER shall:

(i) cause the Title Company to issue, and deliver to SELLER and BUYER, a preliminary title report and commitment for an Owner Policy of Title Insurance to be in favor of BUYER covering the Property in the amount of the Purchase Price (the "Title Commitment"), which Title Commitment shall be accompanied by legible copies of all recorded documents relating to easements, rights-of-way, and other matters affecting title thereto;

(ii) cause a current boundary survey of the Property (the "Survey") prepared by Halff Associates, Inc. (as applicable, the "Surveyor") to be prepared and

delivered to BUYER and the Title Company. The Survey shall be certified to BUYER, SELLER, and the Title Company, shall specify the Net Square Feet and the gross number of square feet in the Property, and shall otherwise be in a form acceptable to the Title Company to permit, at BUYER'S sole cost and election, modification of the survey exception to the Owner's Policy of Title Insurance to be delivered to BUYER pursuant to Section 6 hereof to read "shortages in area" only. SELLER shall pay for the cost of the Survey initially, but if under any circumstances whatsoever (other than a SELLER default or termination of this Agreement pursuant to Section 8) this Agreement is terminated and BUYER is entitled to a refund of the Earnest Money, then anything to the contrary notwithstanding the cost of the Survey shall be paid (or reimbursed to SELLER) out of the Earnest Money, but in an amount not to exceed $4,000.00, before the remainder thereof is returned to BUYER;

(iii) deliver or cause to be delivered to BUYER such existing studies and reports specifically regarding the Property that are within SELLER's possession; BUYER acknowledges that SELLER has satisfied SELLER's obligations set forth in this clause (iii).

(b) BUYER shall, within thirty (30) days after receipt of the latest to be delivered of the items in (a)(i) and (ii) above, give SELLER written notice of any objections to title to the Property, or to the gross square footage of the Property, as shown on the Survey, indicating that the Property is less than 14.8 acres in size. BUYER'S failure to timely give such written notice of objection shall be deemed to be BUYER'S approval of items (a)(i) and (ii) above, and all matters shown therein and not objected to by BUYER shall be deemed approved by BUYER for all purposes hereof and shall be "Permitted Exceptions." Liens of any kind shall always be a non-permitted exception

whether or not BUYER objects to such lien.

(c) In the event BUYER objects to any of the items or matters contemplated in items (a)(i) or (ii) above SELLER may undertake, but shall not be obligated to undertake, to eliminate or modify all such matters to which BUYER has objected to the reasonable satisfaction of BUYER prior to the Closing. In the event SELLER elects not to or fails to eliminate or modify such matters to which BUYER has objected within such period, BUYER shall have the right to terminate this Agreement by written notice to SELLER prior to the Closing, whereupon the Earnest Money (less $100 which shall be paid over to SELLER as independent consideration for the execution of this Agreement) shall be promptly returned to BUYER and this Agreement shall be null and void and of no further force or effect. If BUYER fails to terminate this Agreement within such period BUYER shall be deemed to have waived any remaining unsatisfied objections, and any such remaining matters shall thereafter be deemed approved by BUYER and shall be "Permitted Exceptions" for all purposes. In such event no adjustment shall be made in the Purchase Price, unless hereafter otherwise agreed in writing by the parties hereto.

5. Inspection Period.

(a) BUYER shall have a period of sixty (60) days after the date a fully executed copy of this Agreement is received by BUYER ("Inspection Period") to examine the Property to determine its adequacy for BUYER'S needs. In the event BUYER objects, in its sole discretion, on or before the end of the Inspection Period, to the results of Studies (as defined below), or otherwise determines the Property is unacceptable to BUYER, or for any reason or no reason, BUYER shall have the right to terminate this Agreement, in its sole discretion, by written notice to SELLER on or before the end of the Inspection Period. In the event BUYER fails to give notice of termination of this Agreement prior to the expiration of the Inspection Period BUYER shall be deemed to have waived its right to terminate this Agreement under this Section 5. If BUYER timely does so terminate the Agreement, the Earnest Money (less $100 to be paid to SELLER as independent consideration for the execution of this Agreement) shall be returned to BUYER by the Title Company.

(b) During the Inspection Period, at BUYER'S sole cost and expense, BUYER shall have the right to conduct such environmental, soil, engineering, or any other studies on the Property (collectively referred to as the "Studies") as BUYER deems appropriate in its sole discretion, and to go on the Property for the purpose of conducting the Studies. BUYER agrees to pay promptly any and all costs and expenses incurred by BUYER in connection with the Studies, and to allow no liens to accrue or become affixed against the Property or any portion thereof on account of the Studies. Further, BUYER shall be responsible for any damages caused by the persons conducting the Studies in the exercise of BUYER'S rights to do so hereunder, including BUYER, its employees, contractors or agents, and BUYER agrees to indemnify and hold SELLER harmless from any and all liens, claims, damages, demands, suits, actions or causes of action arising out of BUYER'S exercise of its rights to conduct the Studies hereunder. BUYER further agrees that it shall not interfere with the reasonable use of the Property by SELLER during the Inspection Period. In the event BUYER terminates this Agreement prior to the Closing pursuant to any provision hereof, or fails to consummate the Closing of the transactions provided for in this Agreement for any other reason, BUYER agrees to provide to SELLER copies of any and all reports of the Studies regarding the Property prepared pursuant to this Section 5.

(c) Notwithstanding the foregoing, BUYER shall not conduct any environmental tests that involve drilling or core samples, or any other so-called "Phase II" environmental testing, without the prior written permission of SELLER, which permission may be withheld in SELLER'S sole and absolute discretion. However, in the event BUYER reasonably concludes from a so-called "Phase I" environmental test that any condition or uncertainty exists with regard to the environmental condition of the Property that might be explained or

resolved by additional "Phase II" testing, and SELLER does not consent to such additional "Phase II" testing, BUYER shall have the right to terminate this Agreement by written notice to SELLER prior to the end of the Inspection Period, whereupon the Earnest Money (less $100 which shall be paid over to SELLER as independent consideration for the execution of this Agreement) shall be promptly returned to BUYER and this Agreement shall be null and void and of no further force or effect.

The obligations of BUYER to SELLER under the foregoing provisions shall survive Closing and/or any termination of this Agreement.

6. Owner's Title Policy. At the Closing SELLER shall cause to be furnished to BUYER a standard Owner Policy of Title Insurance as used in the State of Texas, issued by the Title Company, insuring the good and indefeasible fee simple title of BUYER to the Property in the amount of the Purchase Price. The basic cost of such Owner Policy of Title Insurance shall be paid by SELLER, but if BUYER elects to have the survey exception modified to read "shortages in area" only, the additional premium for such modification shall be paid by BUYER. The only exceptions to said Owner Policy of Title Insurance shall be as follows:

(a) The standard printed exceptions contained therein, provided, however, (i) the exception relating to restrictive covenants shall specifically describe all recorded restrictive covenants that are approved or deemed approved by BUYER pursuant to Section 4 hereof; (ii) at the election and sole cost of BUYER, the survey exception shall be modified to read "shortages in area" only; (iii) the exception for taxes shall be limited to standby fees and taxes for the year of Closing and subsequent years and subsequent assessments for prior years due to change in land usage or ownership; and (iv) there shall be no exception for visible or apparent easements or for the rights of parties in possession;

(b) the Permitted Exceptions;

(c) the Declaration and Supplemental Declaration (as hereinafter defined);

(d) the Zoning Agreement;

(e) the Repurchase Option provided for in Section 11(d) hereof;

(f) any other matters approved in writing by BUYER and/or exceptions or liens caused by the actions of BUYER.

7. Expenses. Real estate taxes and Owner's Association (defined below) assessments relating to the Property shall be prorated at the Closing between the parties hereto as of the date of Closing. If the Closing occurs before the tax rate is fixed for the year of Closing, the apportionment of real estate taxes shall be upon the basis of real estate taxes for the preceding year and a cash adjustment shall be made between the parties at such time as the real estate tax statements for the year of Closing are available. Each party shall pay for its own attorneys' fees. Title Company fees and charges shall be shared equally by the parties, except: (i) the basic cost of the Owner's Policy of Title Insurance covering the Property, and any other premiums in respect of the required Title Policy other than as provided in clause (ii) below, shall be paid by SELLER; (ii) the cost of the modification of the survey exception in the Owner's Policy of Title Insurance to read "shortages in area" only, if elected by BUYER, shall be paid by BUYER; and (iii) any recording costs, and all costs or charges associated with any financing and/or equity investment that BUYER may utilize shall be borne solely by BUYER. Any "rollback" taxes assessed against the Property relating to periods prior to Closing as a result of a change in use of the Property subsequent to the Closing shall be borne by SELLER.

8. Representations and Warranties.

(a) Each SELLER represents and warrants to BUYER, as of the date of this Agreement and as of the date of Closing, that:

(i) Such SELLER has not received any written notice of any violation of any ordinance, regulation, law or statute from any governmental agency regarding the Property which has not been complied with.

(ii) There are no pending condemnation actions with respect to the Property, nor has such SELLER received any notice of any such actions being contemplated.

(iii) There are no options, purchase contracts or leases, written or oral, whereunder or whereby any person has any right, title or interest in, or right to acquire, the Property.

(iv) Such SELLER is a non-profit corporation duly organized and existing and in good standing under the laws of the State of Texas, and such SELLER is not insolvent or bankrupt.

(v) Such SELLER has the full right and authority to enter into this Agreement and to consummate the sale, transfer and assignment contemplated herein, and the person or persons signatory to this Agreement and any document executed pursuant hereto on behalf of such SELLER have full power and authority to bind such SELLER.

(vi) There is no litigation, action or proceeding pending or, to the best of such SELLER'S knowledge, threatened, against such SELLER or the Property which would in any manner constitute a lien, claim, or obligation of any kind against the Property.

(vii) Except for matters disclosed in the Title Commitment, there are no management, maintenance, operating, service or any other contracts or leases that will continue to affect the Property after the Closing.

For all purposes of this Agreement, the "knowledge" of SELLER shall mean the actual conscious knowledge of Timothy E. Stiles, without inquiry.

EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, BUYER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES (OTHER THAN THE SPECIAL WARRANTY OF TITLE AS SET OUT IN THE DEED OR AS EXPRESSLY SET FORTH HEREIN AND/OR IN THE CLOSING DOCUMENTS), PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE PROPERTY: SPECIFICALLY, BUT WITHOUT LIMITATION, EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT,

SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS REGARDING COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USES LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING THE EXISTENCE IN OR ON THE PROPERTY OF ANY HAZARDOUS MATERIALS OR CONDITIONS AFFECTED BY ENVIRONMENTAL LAWS. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY, BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER. EXCEPT TO THE EXTENT, IF ANY, OTHERWISE EXPRESSLY STATED IN ANOTHER PROVISION OF THIS AGREEMENT OR IN THE CLOSING DOCUMENTS, BUYER AGREES TO ACCEPT THE PROPERTY AND HEREBY WAIVES AND RELEASES SELLER FROM ALL OBJECTIONS OR CLAIMS AGAINST SELLER ARISING FROM OR RELATED TO THE PROPERTY OR TO ANY HAZARDOUS MATERIALS ON THE PROPERTY, WHETHER BY CONTRACT, UNDER LAW, UNDER ANY RIGHT OF CONTRIBUTION, OR OTHERWISE.

BUYER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY BY BUYER WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS SECTION. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON.

BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, AND EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION AND/OR IN THE CLOSING DOCUMENTS, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS. IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN NEGOTIATED BASED ON THE FACT THAT THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY BUYER SUBJECT TO THE FOREGOING.

(b) BUYER represents and warrants to SELLER, as of the date of this Agreement and as of the date of Closing, that:

(i) BUYER is a corporation duly organized and existing and in good standing under the laws of the State of California , and BUYER is not insolvent or bankrupt.

(ii) BUYER has the full right and authority to enter into this Agreement and to consummate the sale, transfer and assignment contemplated herein, and the

person or persons signatory to this Agreement and any document executed pursuant hereto on behalf of BUYER have full power and authority to bind BUYER.

(c) Anything to the contrary herein notwithstanding, neither SELLER nor BUYER shall have liability to the other with respect to any of the representations or warranties contained herein or confirmed at the Closing unless (i) written notice or demand with respect to the breach or alleged breach is given within one (1) year after the Closing, and (ii) suit is filed with respect to the breach or alleged breach of representation within two (2) years of the Closing. Subject to the foregoing limitations, the representations and warranties shall survive the Closing.

(d) The continued accuracy of the foregoing representations at Closing is a condition to the respective obligations of the parties hereto. At Closing, each party shall confirm, in writing, the continued accuracy of its representations and warranties to the other. However, if as a result of any change of conditions with respect to the Property and/or the acquisition by SELLER of information not known to SELLER at the time of execution of this Contract, SELLER is unable to confirm any such representations and warranties as of the Closing Date, SELLER shall have the option of revising any such representations and warranties to reflect facts or conditions then existing. If BUYER is unwilling to accept any such modification to SELLER'S representations and warranties, BUYER shall have the option to terminate this Agreement, in which event the Earnest Money (less $100 independent consideration which shall be paid to SELLER for the execution hereof) shall be returned to BUYER and neither party hereto shall have any further obligations hereunder except for such obligations as are intended to survive the termination of the Agreement. If BUYER accepts such revisions, BUYER shall be deemed to have waived any rights or remedies against SELLER with respect to the previous, unrevised version of the representation in question.

9. Brokers. (a) Each party ("Indemnitor") represents and warrants to the other party ("Indemnitee") that except for The Staubach Company, which represents BUYER, and Cushman and Wakefield, which represents SELLER (collectively, The Staubach Company and Cushman and Wakefield are referred to as

"Brokers"), there are no brokers involved in this transaction acting for and on behalf of Indemnitor for which a brokerage commission is or may become due, and agrees to indemnify and hold Indemnitee harmless from any and all claims for real estate or brokerage commissions or other compensation arising out of or relating to this transaction from any broker or brokers and whose claim for such commission or other compensation arises (or is alleged to arise) by, through, or under the actions or purported actions of the Indemnitor. At the Closing and conditioned upon the actual closing of the sale and payment of the Purchase Price by BUYER to SELLER, SELLER shall be responsible for the payment of a commission to Brokers in an amount equal to six percent (6%) of the Purchase Price to be split equally between the Brokers

(b) BUYER acknowledges that Broker has advised BUYER that BUYER should have an abstract covering the Property examined by an attorney of BUYER's selection, or BUYER should be furnished with or obtain a policy of title insurance covering the Property.

10. Non-Assignability. This Agreement may not be assigned by BUYER without the prior written consent of SELLER; provided, however, that no consent of SELLER shall be required

for an assignment by BUYER to one of the following developers: Carr America, Champion Partners, Koll, and/or Opus, so long as such developer agrees to be bound by the terms of this Agreement. In addition to the foregoing right of assignment, BUYER shall have the right to assign this Agreement to an entity which controls, is controlled by, or is under common control with BUYER.

11. Development of the Project.

(a) BUYER understands and acknowledges that a Declaration of Covenants, Restrictions and Development Standards Applicable to DFW Freeport, of which the Property is a part, has been recorded in Volume 79212, Page 2965 of the Dallas County Records, (as supplemented or amended, the "Declaration"), and that such Declaration will affect BUYER's development of the Property. In that regard, BUYER has been advised and acknowledges that such Declaration provides, among other things, that: (i) owners of property within the area of the DFW Freeport development covered by the Declaration will be members of the Freeport Property Owners Association (the "Owner Association") subject to general and special assessments; and (ii) prior to the commencement of construction on the Property by BUYER, the proposed plans for construction must be reviewed and approved by an Architectural and Environmental Control Committee ("ACC") to the extent required in the Declaration. BUYER shall review and satisfy itself as to the Declaration and related matters during the Inspection Period and if BUYER is unsatisfied therewith BUYER may terminate this Agreement as provided in Paragraph 5 hereof. BUYER and SELLER acknowledge that by letter from Kelly Lindig dated December 21, 2000, the ACC has given approval to BUYER's proposed site plan contingent upon BUYER's satisfaction of the conditions set forth in the letter. BUYER acknowledges that BUYER must satisfy the ACC with respect to the conditions set forth in such letter. A copy of such letter and proposed site plan are attached hereto as Exhibit "B".

(b) During the Inspection Period BUYER shall prepare and submit Schematic Plans (herein defined) for BUYER'S contemplated office building (the "Project") to the ACC for review and approval in accordance with the Declaration; provided however, submission of the Schematic Plans shall not be in lieu of, or otherwise limit the rights of the ACC to approve, such other plans for development which must be timely submitted to the ACC as provided for in the Declaration. The "Schematic Plans" shall mean schematic representative elevations with a notation for 1) the type of construction for materials to be used for exterior walls, and 2) the location and screening of dock and loading areas, emergency generator, trash dumpsters, and day care playground area. If BUYER requires approval of the Schematic Plans prior to the expiration of the

Inspection Period, BUYER will submit its Schematic Plans no later than thirty (30) days after the date a fully executed copy of this Agreement is received by BUYER.

(c) BUYER will commence the initial phase ("Phase I") of BUYER's development of the Property within twelve (12) months from the Closing in accordance with plans approved by the ACC and BUYER shall thereafter proceed diligently with completion of such development of the Property. If BUYER has not commenced construction of Phase I on the Property within twelve (12) months from the Closing in accordance with such plans or if BUYER has not substantially completed construction of Phase I on the Property within thirty-six (36) months from

the Closing, SELLER will have the right and option, at its sole discretion, to repurchase the Property from BUYER on the terms and conditions set forth in the attached Rider 1, which is made a part hereof by reference. The terms and conditions in Rider 1 shall be set forth in the Deed at Closing. The terms "Grantor" and "Grantee" as used in Rider 1 shall mean SELLER and BUYER, respectively, under this Agreement.

12. Zoning Agreement. At the Closing, SELLER and BUYER shall record an agreement ("Zoning Agreement") wherein BUYER (on behalf of itself and any subsequent owner of any portion of the Property claiming through BUYER) waives, for a period of ten (10) years subsequent to the Closing, the right to object, directly or indirectly, to any zoning change, or any amendment to any applicable zoning classification, affecting any property owned by SELLER or its affiliates, or by any "affiliate of Ray L. Hunt" (as hereinafter defined) in either case, located in the DFW Freeport development shown on the parcel plan attached hereto as Exhibit "A", that may be requested by (i) SELLER, its affiliates, or their successors in title or (ii) any "affiliate of Ray L. Hunt" (as hereinafter defined). The term "affiliate of Ray L. Hunt" shall mean (a) Ray L. Hunt, a resident of Dallas County, Texas; (b) Hunt Consolidated, Inc.; or (c) any person that is (i) the immediate maternal ancestor (and for this purpose an adopted person shall be deemed to be the natural issue of his or her adopting parent) or the spouse of any such living descendant, including the wife of Ray L. Hunt, (ii) the trustee of any trust principally for the benefit of Ray L. Hunt or any person described in (c)(i) preceding, (iii) any corporation of which the controlling persons (hereinafter defined) are Ray L. Hunt, Hunt Consolidated, Inc., or any one or more of the person or trustees described in (c)(i) or (c)(ii) preceding, or (iv) any partnership or other entity of which the controlling person are Ray L. Hunt, Hunt Consolidated, Inc., or any one or more person, trustees, corporations or other entities described in (c)(i), (c)(ii), and (c)(iii) preceding. As used herein, the term "controlling persons" means the parties having the possession of the authority, direct or indirect, or the power to direct or cause the direction of the management and policies of a person, trust, corporation, partnership, or other entity, whether through the ownership of voting securities, by agreement, or otherwise. The Zoning Agreement shall not affect the rights that BUYER or any of its affiliates may have as to any other land in the DFW Freeport development that BUYER or any of its affiliates may own.

13. Defaults and Remedies.

(a) In the event SELLER shall fail to consummate the sale of the Property for any reason except BUYER's default or the timely and proper termination of this Agreement by BUYER pursuant to any of the provisions hereof, BUYER may, at its option and as its sole remedies, either: (i) terminate this Agreement, upon which termination the Earnest Money, less $100 to be paid to SELLER as independent consideration for the execution hereof, shall be returned to BUYER; or (ii) enforce specific performance of this Agreement. BUYER must make its this election of remedies within thirty (30) days of SELLER's failure

to consummate the sale of the Property. If BUYER fails to make its election within such thirty (30) days period, then BUYER shall be deemed to have elected as its sole remedy the remedy set forth in subsection 13(a)(i).

(b) In the event BUYER should fail to consummate the purchase of the Property for any reason except SELLER's default or the timely and proper termination of this Agreement by BUYER pursuant to any of the provisions hereof, SELLER, as SELLER's sole remedy for BUYER's breach of this Agreement, may terminate this Agreement by written notice given to BUYER and the Title Company, in which case the Earnest Money shall be paid over to SELLER as liquidated and agreed damages. However, the limitations upon the liabilities of BUYER or remedies available to SELLER contained in this subsection 13(b) shall not apply to or limit SELLER's right to indemnification pursuant to subsection 5(b) and in the event a breach by BUYER of BUYER's obligations under such subsection 5(b) SELLER shall have the right to all remedies available at law or in equity in respect of such breach.

(c) In the event either party becomes entitled to the Earnest Money upon termination of this Agreement in accordance with its terms the Title Company is hereby authorized to immediately pay the Earnest Money and all interest accrued thereon to the party or parties so entitled thereto (except that (i) if the Earnest Money is to be delivered to BUYER under any circumstances the Title Company shall nevertheless deliver the sum of $100 of the Earnest Money to SELLER as independent consideration for the execution hereof whether or not otherwise specifically provided in the section of this Agreement under which such right to receive the Earnest Money arises, and (ii) the Title Company shall pay over to SELLER the cost of the Survey, not to exceed $4,000.00, under the circumstances provided for in subsection 4(a) hereof). In the event the Title Company requires same, BUYER and SELLER covenant and agree to deliver a letter of instruction to the Title Company directing the disbursement of the Earnest Money to the party or parties entitled thereto and indemnifying the Title Company against any and all claims arising out of such payment. In the event either party hereto fails or refuses to sign or deliver such an instruction letter when the other party is entitled to such disbursement, then the party so failing or refusing to sign or deliver such letter shall pay, upon the final order of the court with appropriate jurisdiction that such other party is entitled to such disbursement, all reasonable attorney's fees and expenses incurred by the party so entitled to such disbursement in connection with its recovery thereof, plus interest thereon at the maximum rate allowed by state or federal law from the date of refusal to sign such requested release of funds.

14. Notices. Any notice to be given or to be served upon any party hereto, in connection with this Agreement must be in writing. If any notice is given (i) by certified or registered mail, it shall be deemed to have been given and received three (3) days after a certified or registered letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail, (ii) by a private delivery service or recognized overnight courier, it shall be deemed to have been given and received when delivered or attempted to be delivered to the address of the party to whom it is addressed, (iii) by facsimile transmission, it shall be deemed to have been given and received at the time confirmation of such transmission is received by the sender provided that a copy of such notice is also delivered by a private delivery service or generally recognized overnight courier, and (iv) by any other method, it shall be deemed to have been given and received upon actual receipt thereof regardless of how such delivery was accomplished. In addition, SELLER will endeavor to send a courtesy copy of any notice to those individuals whose e-mail addresses are set forth below; provided, however, failure to send such an e-mail shall not effect the validity of a notice

delivered by another method or means. Such notices shall be given to the parties

hereto at the following addresses and/or facsimile numbers:

As to BUYER:

Nissan North America, Inc.
P.O. Box 191
330 West Victoria Street
Gardena, CA 90248-0191
Attn: Ted Maslin, Corporate Manager,
Real Estate and Facilities
FAX: 310/771-6084
Phone: 310/771-3000
E-Mail: ted.maslin@nissan-usa.com

with a copy to:

Nissan Motor Acceptance Corporation
2909 Kinwest Parkway
Irving, Texas 75602
Attn: Bill Andrews, Facilities Manager
FAX: 972/501-8140
E-Mail: andrewsb@nmac.com

and to: Nissan North America, Inc.
Attn: Legal Department
990 West 190th Street
Torrance, CA 90502
FAX: 310/515-6750

and to: The Staubach Company
15601 Dallas Parkway, Suite 400
Addison, TX 75001
Attn: Frank Ricca
FAX: 972/361-5910
Phone: 972/361-5213

As to SELLER:

The Ruth Ray and H.L. Hunt Foundation
1445 Ross Avenue, Suite 2000
Dallas, TX 75202
Attn: Secretary
FAX: 214/855-6965

and The Ruth Foundation
1445 Ross Avenue, Suite 2000

Dallas, TX 75202
Attn: Secretary
FAX: 214/855-6965

with copies to: Woodbine Development Corporation
1445 Ross Avenue, Suite 5000
Dallas, Texas 75202
Attn: Timothy E. Stiles
Tel: 214/855-6022
FAX: 214/855-6029

and Charles W. Morris, Esq.
Brown McCarroll & Oaks Hartline, L.L.P.
2000 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201
Tel: 214/999-6100
FAX: 214/999-6170

Any party hereto may at any time, by giving five (5) days' written notice to the other party hereto, designate any other address in

substitution of the foregoing address to which such notice shall be given.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and the obligations of the parties created hereunder are performable in Dallas County, Texas.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

17. No Waiver. One or more waivers of any covenant, term or condition of this Agreement by either party shall not be construed as a waiver of a subsequent breach of the same or any other covenant, term or condition; nor shall any delay or omission by either party to seek a remedy for any breach of this Agreement or to exercise a right accruing to such party by reason of such breach be deemed a waiver by such party of its remedies or rights with respect to such breach.

18. Severability. In case any one or more of the material provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, this Agreement shall terminate in its entirety and be of no further force or effect; provided, however, if any one or more of the non-material provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not effect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable nonmaterial provisions had never been contained herein.

19. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter, and this Agreement may be amended or modified only be a written agreement signed by both parties hereto.

20. Caption. The descriptive headings of the sections contained in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

21. Time. Time is of the essence in the performance of the parties' respective obligations contained in this Agreement.

22. Expenses and Attorneys' Fees. Except as specifically provided herein, each party hereto shall bear and pay its own costs and expenses incurred in connection with the transactions contemplated by this Agreement, including, but not limited to, the costs of all investigations and proceedings in connection herewith and the fees and expenses of their respective counsel, financial advisors and accountants; provided, however, in the event that any dispute between the parties hereto should result in litigation, the prevailing party shall be reimbursed for all reasonable costs, including, but not limited to, reasonable attorneys' fees, incurred in connection with such litigation.

23. Exhibits. All exhibits attached to this Agreement are hereby incorporated herein and for all purposes made a part hereof.

24. Further Assurances.

(a) In addition to the obligations required to be performed hereunder by SELLER prior to or at the Closing, SELLER agrees to perform such other reasonable acts and to execute, acknowledge and/or deliver subsequent to the Closing such other reasonable instruments, documents and other materials as BUYER may reasonably request in order to effectuate the consummation of the transactions contemplated herein and to vest title to the Property in BUYER.

(b) In addition to the obligations required to be performed hereunder by BUYER prior to or at the Closing, BUYER agrees to perform such other reasonable acts, and to execute, acknowledge and/or deliver subsequent to the Closing such other reasonable instruments, documents and other materials, as SELLER may reasonably request in order to effectuate the consummation of the transactions contemplated herein.

25. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

26. Number and Gender. All words herein shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the context may require.

27. Date of Agreement. When used herein, the phrases "the effective date", "the date of this Agreement", or "the date hereof" or similar phrases shall mean that date upon which Title Company has received fully executed counterparts of this Agreement.

28. DTPA WAIVER. BUYER REPRESENTS AND WARRANTS TO SELLER THAT (A) BUYER IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION, (B) BUYER IS REPRESENTED BY LEGAL COUNSEL, (C) THE PROPERTY WILL NOT BE USED AS A FAMILY RESIDENCE, (D) BUYER IS A BUSINESS CORPORATION THAT EITHER HAS ASSETS OF $5,000,000 OR MORE, OR IS OWNED OR CONTROLLED BY A CORPORATION OR ENTITY WITH ASSETS OF $5,000,000 OR MORE, OR BUYER IS A SOPHISTICATED REAL ESTATE INVESTOR AND HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE IT TO EVALUATE THE MERITS AND RISKS OF THIS TRANSACTION. BUYER HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS, REMEDIES AND BENEFITS UNDER THE TEXAS DECEPTIVE TRADE PRACTICES - CONSUMER PROTECTION ACT (SECTIONS 17.41 AND FOLLOWING OF THE TEXAS BUSINESS AND COMMERCE CODE) (THE "DTPA") AND ANY OTHER SIMILAR CONSUMER PROTECTION LAW, WHETHER FEDERAL, STATE OR LOCAL. BUYER COVENANTS NOT TO SUE SELLER UNDER THE DTPA OR ANY SUCH SIMILAR CONSUMER PROTECTION LAW.

29. Escrow Agent. Title Company (hereinafter in this subsection, in its capacity as holder of the Earnest Money only, being referred to as the "Escrow Agent") shall hold the Earnest Money in accordance with the terms and provisions of this Agreement, subject to the following:

The Escrow Agent undertakes to perform only such duties with respect to the Earnest Money as are expressly set forth in this Agreement and no implied duties or obligations with respect to the Earnest Money shall be read into this Agreement against Escrow Agent.

In performing its activities hereunder in such capacity, Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, and may assume that any person purporting to give any writing, notice, advice or instrument in connection with the provisions of this Agreement has been duly authorized to do so. Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited in escrow, nor as to the identity, authority, or right of any person executing the same, and Escrow Agent's duties in such capacity under this Agreement shall be limited to those provided in this Agreement.

Unless Escrow Agent discharges any of its duties under this Agreement with respect to the Earnest Money in a negligent manner or is guilty of willful misconduct with regard to its duties under this Agreement, SELLER and BUYER shall indemnify Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or other expenses, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent with respect to the Earnest Money under this Agreement; and in such connection SELLER and

BUYER shall indemnify Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim in such capacity.

If the parties (including Escrow Agent) shall be in disagreement about the interpretation of this Agreement, or about their respective rights and obligations, or the propriety of any action contemplated by Escrow Agent with respect to the Earnest Money, Escrow Agent may, but shall not be required to, file an action in interpleader to - resolve the disagreement. Escrow Agent shall be indemnified for all costs and reasonable attorneys' fees in its capacity as Escrow Agent in connection with any such interpleader action and shall be fully protected in suspending all or part of its activities under this Agreement until a final judgment in the interpleader action is received.

Nothing in this subsection shall in any manner affect the obligations of the Title Company in its capacity as the issuer of the Title Commitment and/or the Title Policy, nor in its capacity as the closer of the transaction, nor shall the foregoing indemnities of BUYER and SELLER be applicable to the Title Company other than in its capacity as the holder of the Earnest Money.

30. Date Convention. If any time period provided for herein ends on a Saturday, Sunday, or holiday, the time period in question will be extended the next day that is not a Saturday, Sunday, or holiday.

31. Filing of Plat. BUYER agrees that it shall not be entitled to file its revised plat for the Property until Closing; provided, however, that BUYER shall be permitted to obtain all necessary consents to and approvals of the plat from all requisite authorities prior to Closing.

32. Confidentiality. BUYER and SELLER agree that the terms and conditions of this Agreement, and any prior negotiations of the parties with regard to the Property, shall be kept confidential by the parties and shall not be disclosed to any third party except the Title Company, the parties' brokers and legal representatives and such other third parties as have a specific need to know such information including BUYER's lender and developer, or as may be required in response to a valid subpoena or other lawful process.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates set forth below but to be effective as of the effective date provided for herein.

[SIGNATURES ON FOLLOWING PAGE]

BUYER:

NISSAN MOTOR ACCEPTANCE CORPORATION,

a California corporation

By: /s/ Katsumi Ishii

Name: Katsumi Ishii

Title: President

SELLER:

THE RUTH RAY AND H.L. HUNT FOUNDATION, a Texas non-profit corporation

By: /s/ Richard A. Massman

Name: Richard A. Massman

Title: Vice President

THE RUTH FOUNDATION, a Texas non-profit corporation

By: /s/ Richard A. Massman

Name: Richard A. Massman

Title: Secretary

TITLE COMPANY:

AMERICAN TITLE COMPANY

"Date Hereof"

By: /s/ Tim Richards

Name: Tim Richards

Title: Escrow Officer

Date : Jan 30, 2001

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT "A"

FIELD NOTES

BEING a tract of land situated in the Cordelia Bowen Survey, Abstract No. 56, Dallas County, Texas, and being all of Lot 7, Block C of DFW Freeport, 12th installment, an addition to the City of Irving, Texas, recorded in volume 86246 Page 317, Deed Records of Dallas County, Texas, (D.R.D.C.T.), said tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod with "Halff Assoc., Inc." cap (hereafter referred to as "with cap") set for corner at the north end of a right-of-way corner clip at the intersection of the northeast right-of-way line of Esters Boulevard (80 foot right-of-way) and the southeast right-of-way line of Freeport Parkway (100 foot right-of-way);

THENCE North 54 degrees 19 minutes 10 seconds East, with said southeast right-of-way line of Freeport Parkway, a distance of 57.16 feet to a 1/2-inch iron rod with cap set at the beginning of a curve to the left having a radius of 880.59 feet;

THENCE in a northerly direction, continuing with said southeast right-of-way line and along said curve to the left, through a central angle of 44 degrees 00 minutes 00 seconds, an arc distance of 676.24 feet to a 1/2-inch iron rod with cap set for corner;

THENCE North 10 degrees 19 minutes 10 seconds East, continuing along said right-of-way line, a distance of 87.55 feet to a 1/2-inch iron rod with cap set for corner, said point being the southwest end of a right-of-way corner clip at the intersection of said southeast right-of-way (100 foot right-of-way);

THENCE North 55 degrees 19 minutes 10 seconds East, along said right-of-way corner clip, a distance of 25.00 feet to a 1/2-inch iron rod with cap set for corner an said southwest line of Regent Boulevard;

THENCE South 79 degrees 40 minutes 50 seconds East, along said southwest right-of-way, a distance of 402.27 feet to a 1/2-inch iron rod with cap set at the beginning of a curve to the right having a radius of 549.97 feet;

THENCE in a southeasterly direction, continuing with said southwest right-of-way line, along said curve to the right, through a central angle of 43 degrees 56 minutes 10 seconds, an arc distance of 421.73 feet to a 1/2-inch iron rod with cap set at the end of said curve;

THENCE South 35 degrees 44 minutes 40 seconds East, continuing with said southwest right-of-way line, a distance of 88.38 feet to a 1/2-inch iron rod with cap set for corner, said point being the northern most corner of Lot 6, Block C of said 12th installment;

THENCE South 54 degrees 19 minutes 10 seconds West, departing said southwest right-of-way line and along the northwesterly line of said Lot 6, passing at a distance of 820.00 feet a 1/2-inch iron rod found for the western most corner of Lot 6, also being the northern most corner of Lot 9B, Block C, DFW Freeport, 12th installment revision, an addition to the City of Irving, Texas, recorded in volume 94036, Page 4168, D.R.D.C.T., and continuing along the northwesterly line of said Lot 9B, in all a distance of 1208.41 feet to a 1/2-inch iron rod with cap found on said northeast right-of-way line of Esters Boulevard;

THENCE North 35 degrees 40 minutes 50 seconds West, with said northeast right-of-way line, a distance of 433.97 feet to a 1/2-inch iron rod with cap set at the south end of the aforementioned corner clip at the intersection of Esters Boulevard and Freeport Parkway;

THENCE North 09 degrees 19 minutes 10 seconds East, with said right-of-way corner clip, a distance of 25.00 feet to the POINT OF BEGINNING AND CONTAINING 647,857 square feet or 14.873 acres of land, more or less.

EXHIBIT 10.95

LEASE AGREEMENT FOR THE NISSAN PROPERTY

LEASE AGREEMENT

Between

WELLS OPERATING PARTNERSHIP, L.P.

As Landlord

and

NISSAN MOTOR ACCEPTANCE CORPORATION

As Tenant

Dated September 19, 2001

8900 Freeport Parkway

Irving, Texas 75063

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Exhibit "J": Agreement Regarding Contract

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made this 19/th/ day of September, 2001 (the "Effective Date"), between WELLS OPERATING PARTNERSHIP, L.P. (hereinafter referred to as "Landlord"), a Delaware limited partnership, and NISSAN MOTOR ACCEPTANCE CORPORATION (hereinafter referred to as "Tenant"), a California corporation.

W I T N E S S E T H:

1. Lease of Demised Premises. Landlord, in consideration of the covenants and agreements to be performed by Tenant, and upon the terms and conditions hereafter stated, does hereby rent and lease unto Tenant, and Tenant does hereby rent and lease from Landlord, that certain real property (the "Land") located in the City of Irving, Dallas County, in the State of Texas, being more particularly described on Exhibit "A" attached hereto and by reference made a part hereof, together with the building (the "Building"), parking and other improvements to be constructed by Landlord on such real property as provided in this Lease, and including without limitation the heating, ventilating and air conditioning systems and the mechanical, electrical and plumbing system serving such premises (all of the foregoing are hereinafter collectively referred to as the "Project" and as the "Demised Premises"; subject, however, to the revision of the definition of "Demised Premises", but not of "Project" as set forth in Paragraph 29(e) hereof).

2. Term. The initial term of this Lease (the "Initial Term") shall be for the period beginning on the Effective Date of this Lease and shall terminate on the last day of the month which is one hundred twenty (120) months after the Rent Commencement Date (as hereinafter defined), unless sooner terminated as herein provided. The term of this Lease shall be subject to extension beyond the expiration of the Initial Term as provided in Paragraph 4 below. Promptly after the Rent Commencement Date, Landlord and Tenant shall enter into a supplemental agreement in the form of Exhibit "B" attached hereto and by reference made a part hereof, specifying the Rent Commencement Date, the date of expiration of the Initial Term of this Lease, and certain other matters as set forth therein. Tenant shall have and is hereby granted the option to extend the expiration date of the Initial Term of this Lease to the last day of the month which is one hundred forty four (144) months after the Rent Commencement Date, unless sooner terminated as herein provided, at the rent and upon all of the other terms, conditions, covenants and provisions set forth herein. Such option may be exercised by Tenant only by written notice to Landlord given on or before the second anniversary of the Rent Commencement Date. Tenant may not exercise such option to extend the expiration date of the Initial Term if an Event of Default (hereinafter defined) has occurred and is continuing at the time Tenant elects to exercise such right.

3. Base Rent. Commencing on the Rent Commencement Date, and continuing thereafter throughout the Initial Term of this Lease, Tenant hereby agrees to pay to Landlord for the Demised Premises, without offset or deduction (except as may be expressly provided in this Lease), and without previous demand therefor, base rent ("Base Rent") in the amount set forth on Exhibit "D" attached hereto and by reference made a part hereof. All Base Rent shall be payable by Tenant

in monthly installments and shall be due and payable by Tenant in advance on the first day of each and every calendar month. In the event that the Rent Commencement Date occurs

on other than the first calendar day of a month, or if the last day of the term of this Lease is other than the last calendar day of a month, the Base Rent due under this Lease for the first and/or last month, as the case may be, shall be prorated on a daily basis. All Base Rent and other amounts payable by Tenant to Landlord under this Lease shall be paid at Landlord's address for notices as set forth herein, or at such other place as Landlord may from time to time designate by written notice to Tenant. All payments of rent or other amounts required to be made to Landlord shall be in lawful money of the United States of America, which may be paid by check, subject to collection. No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein specified, nor any endorsement or statement on any check or letter accompanying such check, shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or to pursue any other remedy provided in this Lease.

4. Extension Options. Tenant shall have and is hereby granted the option
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to extend the term of this Lease beyond the expiration of the Initial Term for two (2) additional periods of five (5) years each (the "First Extended Term" and the "Second Extended Term", respectively, and collectively the "Extended Terms"), at the rent and upon all of the other terms, conditions, covenants and provisions set forth herein. Such option may be exercised by Tenant only by written notice to Landlord given during the time period specified on Exhibit "E"
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attached hereto. Tenant may not exercise an option to extend the term of this Lease if an Event of Default (hereinafter defined) has occurred and is continuing at the time Tenant elects to exercise such right. As used herein, "term of this Lease" shall mean and refer to the Initial Term and one or both of the Extended Terms, as the context may permit or require.

5. Rent During Extended Terms. The Base Rent payable during each of the
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Extended Terms shall be calculated at ninety five percent (95%) of the then current "Market Rate" (as that term is defined on Exhibit "E" attached hereto
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and by reference made a part hereof); provided, however, that in no event shall the annual Base Rent payable during the First Extended Term or the Second Extended Term, respectively, be less than the annual Base Rent (without reduction on account of any provision of this Lease, including but not limited to reductions on account of damage or casualty) for the twelve month period immediately preceding the first day of the First Extended Term or the Second Extended Term, respectively, unless otherwise agreed to in writing by the parties.

6. Net Lease. Except as may be expressly provided to the contrary in
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this Lease, it is the purpose and intent of Landlord and Tenant that the rent payable hereunder shall be absolutely and unconditionally net to the Landlord, so that this Lease shall yield, net to the Landlord, the Base Rent specified in Paragraph 3 hereof in each year during the term of this Lease, as such Base Rent may be adjusted during the Extended Terms as provided in Paragraph 5 hereof. Except to the extent specifically provided in this Lease, no happening, event, occurrence or situation during the term of this Lease, whether foreseen or unforeseen, and however extraordinary, shall permit Tenant to quit or surrender the Demised Premises or shall relieve Tenant from its liability to pay the rent under this Lease, or shall relieve Tenant from any of its obligations under this Lease.

7. Taxes.

(a) Commencing on the first day of the Move-in Period (as hereinafter defined) and continuing thereafter during the term of this Lease, Tenant shall pay directly to the appropriate authority, as additional rent, at least ten (10) days prior to the date the same shall become delinquent if not paid, all ad valorem taxes, general and special assessments (including, without limitation, all assessments for public improvements or benefits commenced or completed during the term of this Lease), all assessments and other sums due under that certain Declaration of Covenants, Restrictions and Development Standards Applicable to DFW Freeport dated October 29, 1979, recorded in Volume 79212, Page 2965 of the Deed Records of Dallas County, Texas, as supplemented and amended (the "Declaration"), rent taxes, sales, use and occupancy taxes, transit taxes, water and sewer taxes, rates and rent, excises, levies, license and permit fees and other fees, taxes, impositions and charges of every kind and nature whatsoever, general and special, foreseen and unforeseen, extraordinary as well as ordinary (hereinafter collectively referred to as "Taxes") which shall or may be charged, levied, laid, assessed, imposed, become due or payable, or liens upon or for, or with respect to (i) the Demised Premises or any part thereof, or any personal property, appurtenances or equipment owned by Tenant thereon or therein or any part thereof, (ii) the rent and income received for any use or occupancy of the Demised Premises, (iii) such franchise, licenses and permits as may pertain to the use of the Demised Premises, (iv) any documents to which Tenant is a party, creating or transferring an interest in the Demised Premises or this Lease, (v) this Lease, and (vi) the use or occupancy of the Demised Premises or any part thereof by Tenant or any subtenant, together with all interest and penalties thereon (except to the extent any such interest and/or penalties are attributable to the breach by Landlord of any of its covenants or obligations under this Lease), under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of the federal, state and county governments and all other governmental authorities whatsoever (all of which shall also be included in the term "Taxes" as heretofore defined). Tenant shall provide to Landlord written evidence of all such payments made by Tenant (along with a copy of the applicable tax bill) on the same date payment is made by Tenant to the applicable taxing authority (but in any event prior to the date the same shall become delinquent if not paid). The term "Taxes" shall not include excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal, state and local income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income from the Demised Premises). Landlord shall forward copies of all bills or statements for taxes to Tenant promptly upon receipt thereof by Landlord.

(b) In the event any special assessments may at the option of the taxpayer be paid in installments (whether or not interest accrues on the unpaid balance of the assessments), Tenant may in its sole discretion exercise the option to pay such assessments (and any accrued interest on the unpaid balance of such assessments) in installments, and in that event, Tenant shall pay directly to the appropriate authority, as additional rent, the installments that become due after the first day of the Move-in Period, and thereafter during the term of this Lease, at least ten (10) days prior to the date the same shall become delinquent if not paid, and shall provide written evidence of payment in full to Landlord on the date of such payment by Tenant (but in any event prior to the date the same shall become delinquent if not paid).

(c) Tenant will have the right to contest the amount or validity, in whole or in part, of any Taxes by appropriate proceedings diligently conducted in good faith, only after paying the Taxes or posting such security as may be required by applicable law or as may be reasonably required by any holder of any Security Deed. Upon the termination of those proceedings, Tenant will pay the amount of the Taxes or part of the Taxes as finally determined, the payment of which may have been deferred during the prosecution of the proceedings, together with any costs, fees, interest, penalties, or other related liabilities. Landlord will reasonably cooperate with Tenant in the prosecution of such protest, but will not be required to join in any contest or proceedings unless the provisions of any law or regulations then in effect require the proceedings

be brought by or in the name of Landlord. In that event, Landlord will join in the proceedings or permit them to be brought in its name; however, Landlord will not be subjected to any liability for the payment of any costs or expenses in connection with any contest or proceedings, and Tenant will indemnify Landlord against and save Landlord harmless from any of those costs and expenses.

8. Late Charges. Any Base Rent, Taxes, or other amounts payable to Landlord under this Lease, if not paid by the tenth (10/th/) day of the month for which such Base Rent is due, or within thirty (30) days of receiving a valid invoice from Landlord for any other amounts payable hereunder, shall bear interest at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by law from and after the date such payment was due until paid.

9. Utilities and Services.

(a) Commencing on the first day of the Move-in Period and continuing thereafter during the term of this Lease, Tenant will pay the appropriate suppliers for all water, sewer, gas, electricity, light, heat, telephone, television cable, rubbish removal, power, and other utilities and services used by Tenant on the Demised Premises, whether or not the services are billed directly to Tenant. The obligation of Tenant to pay for such services and utilities supplied or provided during the term of this Lease shall survive the expiration or earlier termination of this Lease.

(b) In the event any such utility service to the Demised Premises becomes unavailable during the term of this Lease resulting in Tenant's inability to conduct the essential functions of Tenant's business in the Premises in whole or in part (essential functions do not include, by way of example and not of limitation, the inability to use the cafeteria in whole or in part due to the unavailability of gas, including but not limited to the inability to serve hot food), and such unavailability of such utility service or services is not caused by Tenant (interruptions caused by Tenant shall include but not be limited to interruptions resulting from Tenant's failure to pay for all charges imposed by the utility company or the governmental entity furnishing such services, or from Tenant's failure to comply with the obligations of Tenant pursuant to this Lease, or from Tenant's negligence or willful misconduct), and such unavailability continues for a period of five (5) consecutive business days, Tenant shall have the right, but not the obligation, to a pro rata abatement of the Base Rent payable under this Lease for each day such services are so interrupted from and after such fifth (5/th/) consecutive day until such services are reinstated. If such unavailability (not caused by Tenant) resulting in Tenant's inability to conduct the essential functions of Tenant's business in the Premises in whole or in part continues for sixty (60) consecutive business days, Tenant shall have the right, but not the obligation, to terminate this

Lease at any time thereafter while such unavailability continues by delivering written notice thereof to Landlord, after which neither party shall have any further obligation under this Lease, except as may be expressly provided to the contrary herein. In the event of unavailability of any such utility service, such service shall not be deemed unavailable if Landlord causes such utility to be provided (but Landlord shall have no obligation to cause such utility to be provided) by alternate means (such as, by way of example and not of limitation, an electric generator). The foregoing provisions of this Paragraph 9(b) shall not apply in the event of damage, destruction or condemnation; the provisions of Paragraph 19 apply in the event of damage or destruction and the provisions of Paragraph 20 apply in the event of condemnation.

(c) Until such time as an Event of Default has occurred and is continuing, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Tenant shall have the right to determine the operating hours of the Building. Tenant may enter into any service contract, maintenance agreement or management agreement for the

Building or the Demised Premises upon providing written notice thereof to Landlord. Landlord hereby agrees that Washington Group International may be retained by Tenant as a facilities management and maintenance vendor for the Project. All such contracts and agreements shall be in form and substance reasonably acceptable to Landlord and Tenant; provided, however, that Landlord shall be deemed to have approved a contract or agreement in the event the following conditions have been satisfied with respect to such contract or agreement: (i) Landlord has approved in writing the scope of work of such contract or agreement; and (ii) Landlord has approved in writing the vendor under such agreement or contract, which approval shall not be unreasonably withheld. With respect to any service contract, maintenance agreement or management agreement, Tenant may submit to Landlord in writing from time to time (such submission may be in advance of the time Tenant contemplates entering into such contract or agreement and such submission may be made whether or not at the time of such submission Tenant is contemplating entering into such contract or agreement) for Landlord's approval either or both (A) the proposed scope of work therefor or (B) a list of possible vendors therefor, and Landlord shall not unreasonably withhold approval of such proposed scope or vendors. Tenant shall deliver copies to Landlord of each executed service contract, maintenance agreement or management agreement within thirty (30) days after the execution thereof.

10. Construction of Improvements. The respective obligations of Landlord and Tenant with respect to the construction of the building and other improvements comprising the Demised Premises are set forth on Exhibit "C" attached hereto and by reference made a part hereof.

11. Access and Delivery. Landlord shall deliver to Tenant, on the first day of the Move-in Period, actual and exclusive possession of the Demised Premises, free and clear of all tenancies and occupancies, in conformity with law, in a safe, dry, clean and tenantable condition and in good order and repair for the purpose of moving Tenant's equipment, furniture and fixtures into the Demised Premises, and otherwise readying the Demised Premises for Tenant's occupancy thereof. For purposes hereof, the term "Rent Commencement Date" shall mean the date immediately following the last day of the "Move-in Period" (as hereinafter defined). The "Move-in Period" shall mean the period commencing on the day which is the later to occur of (a) the day two (2) days after Landlord has delivered written notice to Tenant of the date of Substantial Completion (as defined in Exhibit "C" attached hereto), or (b) the date of Substantial

Completion, and ending on the date sixty (60) days thereafter; provided, however, that the expiration date of the Move-in Period shall be extended on a day for day basis for each day Tenant is delayed in installing Tenant's furniture, fixtures or equipment (delays in obtaining Tenant's furniture, fixtures or equipment shall not result in an extension of the Move-in Period) because of any delay caused by Landlord, the City of Irving, any other applicable governmental agencies or authorities or by "Force Majeure" (as defined in Paragraph 34(n) hereof), including any failure by Landlord to provide Tenant sufficient access. During the Move-in Period, Tenant shall have unrestricted access to the Building, Project, and Demised Premises, including the loading docks and elevators, in common with Landlord's access for the performance of punch list items. Tenant may, at its expense, inspect the Project, the Building and the Demised Premises, at any time, and from time to time, during the construction of the improvements to assure itself that the improvements are being constructed in accordance with the approved plans and specifications. Upon Substantial Completion (as defined in Exhibit "C" to this Lease), or at such earlier time as Tenant's activities within the Demised Premises can commence without unreasonable interference with Landlord's construction of such improvements, Landlord shall give written notice thereof to Tenant. Following receipt of such notice, Tenant may have access to the Demised

Premises for the installation of Tenant's furniture, trade fixtures, signs, equipment, telephone and other communication systems, and all other work desired by Tenant and approved by Landlord in writing, which approval shall not be unreasonably withheld, delayed or conditioned.

12. Use. The Demised Premises shall be used solely for general office purposes and purposes incidental to said use (and for no other purposes whatsoever), such purposes including but not limited to the following: (i) the use of photographic reproduction equipment, (ii) the installation and operation of kitchen, food service and eating appliances and facilities, vending machines, and other equipment and facilities for use solely by Tenant's employees, agents, licensees, contractors, vendors and invitees, (iii) the installation and use of computer and telecommunications facilities, data processing and transmission equipment, (iv) conference and meeting facilities, (v) call center, (vi) training, (vii) cashier-related activities, (viii) lending services, (ix) product demonstration, and (x) other uses typically permitted by landlords to be made by tenants of similar office space in the Irving, Texas area, all to the extent permitted by, and in accordance with, applicable laws, ordinances, rules and regulations of governmental authorities. Unless and until an Event of Default has occurred and is continuing, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Tenant shall also have the right to display (so long as such display is permitted by and conducted in accordance with all applicable laws, ordinances, rules and regulations of governmental authorities) up to three vehicles outside of the Building in front of the main entrance to the Building, and up to two vehicles inside the reception area or main lobby of the Building (Landlord agrees to reasonably cooperate with Tenant, at Tenant's costs, in Tenant's efforts to obtain any zoning or other variances necessary to display such vehicles). The Demised Premises shall not be used for any illegal purpose, nor in violation of any valid regulation of any governmental body, nor in any manner to create any nuisance or trespass, nor in any manner to vitiate the insurance with respect to the Demised Premises.

13. Insurance.

(a) From the first day of the Move-in Period and continuing thereafter throughout the term of this Lease, Tenant will, at its sole expense, obtain and keep in force (i) "all-risk" coverage insurance (including without limitation not less than twelve months of rent loss coverage, and including without limitation flood and earthquake coverage) naming Landlord as an additional insured and Tenant as their interests may appear and other parties that Landlord or Tenant may designate as additional insureds in the customary form in the City of Irving, State of Texas, for buildings and improvements of similar character, on all buildings and improvements located on the Land, and (ii) a policy of workers' compensation insurance as required by applicable law. The amount of such insurance will be not less than the then full replacement value of the buildings and improvements located on the Land.

(b) From the date upon which Tenant first enters the Demised Premises for the installation of its trade fixtures, furniture or other items, and thereafter throughout the term of this Lease, Tenant will, at its sole expense, obtain and keep in force commercial general liability insurance with a combined single limit of not less than Ten Million Dollars ($10,000,000.00) for injury to or death of any one person, for injury to or death of any number of persons in one occurrence, and for damage to property, insuring Landlord and Tenant against any and all liability with respect to the Demised Premises or arising out of the maintenance, use, or occupancy of the Demised Premises, including without limitation coverage for contractual liability, broad form property damage, and non-owned automobile liability. The insurance will insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and damage to property set forth in Paragraph 23. The insurance will be noncontributing with any insurance that may be carried by Landlord and will contain a provision that Landlord, although named as an insured, will nevertheless be entitled to recover under the policy for any loss, injury, or

damage to Landlord, its agents, and employees, or the property of such persons. The limits and coverage of all the insurance will be adjusted by agreement of Landlord and Tenant during the fifth lease year during the term of this Lease and on the first day of the First Extended Term and the first day of the Second Extended Term, if the term of this Lease is so extended, in conformity with the then prevailing custom of insuring liability in the City of Irving, State of Texas.

(c) All insurance required in this Paragraph 13 and all renewals of it will be issued by companies authorized to transact business in the State of Texas, and rated at least A Class VIII by Best's Insurance Reports (property liability) or, if not so rated, approved by Landlord (in Landlord's reasonable discretion). Landlord hereby agrees and acknowledges that as of the date hereof Yasuda Fire & Marine Insurance Company of America meets the standards set forth in the sentence immediately preceding sentence. All insurance policies will expressly provide that the policies will not be canceled or altered without thirty (30) days' prior written notice to Landlord and any lender, in the case of "all-risk" coverage insurance, and to Landlord, in the case of general liability insurance; and will, to the extent obtainable, provide that no act or omission of Tenant which would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained. Tenant may satisfy its obligation under this Paragraph 13 by appropriate endorsements of its blanket insurance policies.

(d) All policies of liability insurance that Tenant is obligated to maintain according to this Lease (other than any policy of workmen's compensation insurance) will name Landlord and such other persons or firms as Landlord specifies from time to time as additional insureds. A certificate of insurance (together with copies of the endorsements naming Landlord, and any others specified by Landlord, as additional insureds) will be delivered to Landlord prior to the date upon which Tenant first enters the Demised Premises for the installation of its trade fixtures, furniture or other items (or, if earlier, the first day of the Move-in Period) and at least fifteen (15) days prior to the expiration of the term of each policy. Tenant shall, within fifteen (15) days after request by Landlord from time to time, deliver to Landlord a complete copy of each insurance policy All public liability, property damage liability, and casualty policies maintained by Tenant will be written as primary policies, not contributing with and not in excess of coverage that Landlord may carry. Insurance required to be maintained by Tenant by this Paragraph 13 may be subject to commercially reasonably deductibles. Tenant will cause all subtenants to execute and deliver to Landlord a waiver of claims similar to the waiver in this Paragraph and to obtain such waiver of subrogation rights endorsements.

(e) Landlord and Tenant hereby waive all rights to recover against each other and their respective officers, directors, shareholders, partners, joint venturers, employees, agents and contractors, for any loss or damage arising from any cause that would be covered by any insurance required to be carried pursuant to this Paragraph 13 or any other insurance actually carried by such party, regardless whether such cause is the result of Landlord's or Tenant's negligent acts or omissions, and regardless whether such insurance is actually obtained. Landlord and Tenant will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all policies of insurance carried in connection with the building or the Demised Premises or the contents of either of them.

14. Compliance With Laws (Generally). Tenant will not use or occupy, or permit any portion of the Demised Premises to be used or occupied (i) in violation of any law, ordinance, order, rule, regulation, certificate of occupancy, or other governmental requirement; or (ii) in any manner or for any business or purpose that creates risks of fire or other hazards, or that would in any way violate, suspend or void fire or liability or any other insurance of any kind at any time carried upon all or any part of the Demised Premises or its contents. Tenant will comply with all laws, ordinances, orders, rules, regulations, and other governmental requirements relating to the use, condition,

or occupancy of the Demised Premises, but Tenant shall not be obligated to make alterations to the structural portions of the foundation, exterior walls, roof or structural frame of the Building to do so. Notwithstanding the foregoing, Landlord, at its cost and expense, shall cause the Project, Building and Demised Premises to comply as of the date of Substantial Completion with all laws and shall make all alterations necessary to cause the Building, Project and Demised Premises to so comply if they do not. In addition, during the term of this Lease, Landlord shall undertake all necessary improvements, repairs, maintenance or modifications necessary to assure that the structural portions of the foundation, exterior walls, roof and structural frame of the Building comply with all laws in effect through the term of the Lease.

15. Environmental Laws.

(a) Landlord has caused to be performed a Phase I environmental study of the Land, and has delivered a copy of the report to Tenant prior to the Effective Date. Tenant has

reviewed such report. Upon Substantial Completion (as defined in Exhibit "C" to this Lease), Landlord shall cause to be performed an updated Phase I environmental study of the Land, and shall deliver a copy of same immediately upon receipt to Tenant.

(b) Effective as of the date of Tenant's initial entry into the Demised Premises for the purpose of moving Tenant's equipment, furniture and fixtures into the Demised Premises, and otherwise readying the Demised Premises for Tenant's occupancy thereof, Tenant agrees to comply with all applicable laws, ordinances, and regulations (including without limitation consent decrees and administrative orders) relating to public health and safety and protection of the environment, including without limitation those statutes, laws, regulations, and ordinances identified in subparagraph (i) below, all as amended and modified from time to time (collectively, "Environmental Laws"); provided that Landlord shall cause the Project to comply with Environmental Laws as of the first day of the Move-in Period and shall be responsible, without cost or expense to Tenant, for removing all environmental hazards existing on the Project as of the first day of the Move-in Period (except those placed on the Project by Tenant) or placed on the Project by Landlord.

(c) Tenant will not, during the term of this Lease, permit to occur any release, generation, manufacture, storage, treatment, transportation, or disposal of "Hazardous Material," as that term is defined in subparagraph (i) below, on, in, under, or from the Demised Premises. However, the preceding sentence shall not prohibit the use, storage, maintenance and handling within, and the transportation to and from, the Demised Premises of substances customarily used in the operation of a first class office building, including the incidental uses permitted hereunder, provided: (i) all such substances shall be used, stored and maintained only in such quantities as are reasonably necessary for such permitted use of the Demised Premises and the ordinary course of Tenant's business therein, and only in strict accordance with applicable Environmental Laws, the highest prevailing standards of use, storage, maintenance, handling and transportation, and the manufacturer's instructions therefor; (ii) such substances shall not be disposed of, released or discharged on the Demised Premises, and shall be transported to and from the Demised Premises in compliance with all applicable Environmental Laws; and (iii) any remaining such substances shall be completely, properly and lawfully removed from the Demised Premises upon the expiration or earlier termination of this Lease.

(d) Tenant shall promptly notify Landlord (promptly after Tenant becomes aware) of: (i) any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority against Tenant or the Demised Premises with respect to the presence of any Hazardous Material on the Demised Premises or the migration thereof from or to other property, (ii) any

demands or claims made or threatened against Tenant by any party relating to any loss or injury resulting from any Hazardous Material on the Demised Premises, (iii) any release, discharge or non-routine, improper or unlawful disposal or transportation of any Hazardous Material on or from the Demised Premises or in violation of this Paragraph of which Tenant has actual knowledge, and (iv) any other matters where Tenant is required by Environmental Laws to give a notice to any governmental or regulatory authority respecting any Hazardous Material on the Demised Premises. Landlord shall have the right (but not the obligation) to join and participate, as a party, in any legal proceedings or actions affecting the Demised Premises initiated in connection with any Environmental Laws. At such times as Landlord may reasonably request, Tenant shall provide Landlord with a written list, certified to

be true and complete, identifying any Hazardous Material then used, stored, or maintained upon the Demised Premises, the use and approximate quantity of each such material, a copy of any material safety data sheet issued by the manufacturer therefor, and such other information as Landlord may reasonably require or as may be required by Environmental Laws.

(e) If any Hazardous Material is released, discharged or disposed of by Tenant or any person or entity claiming by, through or under Tenant (such as, but not limited to, sublessees, assignees, and licensees), or their respective employees, agents, contractors, invitees or visitors (collectively, the "Tenant Parties"), on or about the Demised Premises during the term of this Lease in violation of the foregoing provisions, Tenant shall immediately, properly and in compliance with applicable Environmental Laws clean up and remove the Hazardous Material from the Demised Premises and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord), at Tenant's expense. Such clean up and removal work shall be subject to Landlord's prior written approval (except in emergencies), and shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any court or governmental body having jurisdiction. Landlord shall be responsible for the remediation, without cost or expense to Tenant, of any release, discharge, or disposal of any Hazardous Material existing on the Project as of the first day of the Move-in Period (except those placed on the Project by all or any one or more of the Tenant Parties), or placed on the Project at any time by Landlord, or its employees, agents, contractors, licensees, invitees or visitors. Notwithstanding the foregoing to the contrary, (i) Tenant, and not Landlord, shall be responsible during the term of this Lease for the proper disposal of all Hazardous Materials existing on the Project as of the first day of the Move-in Period which are (x) either identified on the Building Plans (as such term is defined on Exhibit "C" attached hereto) and incorporated into the Project as contemplated thereby or as are otherwise commonly legally used (in such amounts as are commonly legally used) in the operation of first class office projects similar to the Project, and (y) are used in the operation of the Project (by way of example and not of limitation, Tenant shall be responsible for the proper disposal of all fluorescent tubes, notwithstanding that such fluorescent tubes were installed by Landlord as part of the construction, or reconstruction following a Casualty or taking, of the Demised Premises); and (ii) to the extent that this Paragraph 15(e) imposes on Landlord the obligation to remediate, remove, or dispose of any Hazardous Material identified on the Building Plans and incorporated into the Project as contemplated thereby or as are otherwise commonly legally used (in such amounts as are commonly legally used) in the construction of first class office projects similar to the Project and incorporated into the Project, Landlord shall have no obligation to remediate, remove, or dispose of such Hazardous Material under this Paragraph 15(e) unless and until such remediation, removal or disposal of such particular Hazardous Material is required by applicable law. If any Hazardous Material is released, discharged or disposed of on or about the Demised Premises subsequent to the commencement of the Move-in Period during the term of this Lease other than by the Tenant Parties or by Landlord, and remediation, removal or disposal of such particular Hazardous Material is required by applicable law, Landlord shall remediate, remove, or dispose of such Hazardous Material (provided, however, that Landlord may elect,

in Landlord's sole discretion, to pursue claims against the party or parties responsible or potentially responsible for such release, discharge, disposal, for such party or parties to remediate, remove or dispose of such Hazardous Material, and Landlord shall have no obligation to remediate, remove or dispose of such Hazardous Material so long as Landlord is diligently pursuing such claims), and the cost of such

remediation, removal and disposal [which shall include, without limitation, transportation and storage costs, testing, investigation, the preparation and implementation of any remedial action plan required by any court or governmental body having jurisdiction, and the costs and expenses (including without limitation attorneys' and experts fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any release, discharge, disposal, claim or proceeding) of pursuing claims against the party or parties responsible or potentially responsible for such release, discharge, or disposal or for the remediation, removal or disposal of such Hazardous Material, including without limitation claims for the remediation, removal or disposal of such Hazardous Material by such party or parties, and claims for damages, penalties, losses, costs, disbursements, and expenses of any kind (including without limitation attorneys' and experts fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any claim or proceeding)] shall (after reduction for amounts collected from third parties) be shared equally by Landlord and Tenant, and Tenant will within ten (10) days after demand, from time to time during or following such remediation, removal or disposal, reimburse Landlord in an amount equal to one half of the costs and expenses incurred by Landlord in connection with such remediation, removal or disposal through the date set forth in Landlord's demand, less the amount, if any, previously reimbursed by Tenant to Landlord on account of such remediation, removal or disposal.

(f) Landlord will have the right, upon no less than ten (10) days advance written notice to Tenant (no advance notice shall be required if an Event of Default has occurred and is continuing, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof), to conduct environmental audits of the Demised Premises, and Tenant will cooperate in the conduct of those audits. The audits will be conducted by a consultant of Landlord's choosing, and if a violation of any of Tenant's warranties, representations, or covenants contained in this Paragraph 15 is discovered, the fees and expenses of such consultant will be borne by Tenant and will be paid as additional rent under this Lease on demand by Landlord. Except as provided in the sentence immediately preceding this sentence, the fees and expenses of such consultant will be borne by Landlord.

(g) In the event of any breach or failure to comply with any of Tenant's warranties, representations or covenants set forth in this Paragraph 15, Landlord may cause the removal (or other cleanup acceptable to Landlord) of any Hazardous Material from the Demised Premises, upon Tenant's failure to do so within thirty (30) days after Tenant's receipt of Landlord's written request therefor. The costs of Hazardous Material removal and any other cleanup (including without limitation transportation and storage costs) resulting from a breach or failure to comply with any of Tenant's warranties, representations, or covenants contained in this Paragraph 15 will be additional rent under this Lease, whether or not a court has ordered the cleanup, and those costs will become due and payable within thirty (30) days after written demand by Landlord. Tenant will give Landlord, its agents, and employees access to the Demised Premises to remove or otherwise clean up any Hazardous Material. Except as expressly provided in Paragraphs 15(b), (e) and (j) of this Lease, Landlord has no affirmative obligation to remove or otherwise clean up any Hazardous Material, and this Lease will not be construed as creating any such obligation.

(h) Tenant agrees to indemnify, defend (with counsel reasonably acceptable to Landlord and at Tenant's sole cost), and hold Landlord and Landlord's partners and their

respective affiliates, shareholders, directors, officers, employees, and agents free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (excluding consequential damages), disbursements, or expenses of any kind (including without limitation attorneys' and experts fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against Landlord or any of them in connection with or arising from or out of:

(1) any misrepresentation, inaccuracy, or breach of any of Tenant's warranties, covenants or agreements contained or referred to in this Paragraph 15;

(2) any violation or claim of violation by Tenant of any Environmental Law; or

(3) the imposition of any lien for the recovery of any costs for environmental cleanup or other response costs relating to the release or threatened release of Hazardous Material in connection with or arising from or out of any of the matters set forth in (1) or (2) above.

This indemnification is the personal obligation of Tenant and will survive termination of this Lease.

(i) For purposes of this lease, "Hazardous Material" means:

(1) "hazardous substances" or "toxic substances" as those terms are defined by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. (S) 9601, et seq., or the Hazardous Materials Transportation Act, 419 U.S.C. (S) 1802, both as amended to this date and as amended after this date;

(2) "hazardous wastes", as that term is defined by the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. (S) 6902, et seq., as amended to this date and as amended after this date;

(3) any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including without limitation consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic, or dangerous waste, substance or material, all as amended to this date or as amended after this date;

(4) crude oil or any fraction of it that is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute);

(5) any radioactive material, including without limitation any source, special nuclear, or by-product material as defined at 42 U.S.C. (S) 2011, et seq., as amended to this date or as amended after this date;

(6) asbestos in any form or condition; and

(7) polychlorinated biphenyls (PCB's) or substances or compounds containing PCB'S.

(j) Landlord hereby warrants and represents to Tenant that, as of the Effective Date and the date of Substantial Completion (as defined in Exhibit "C" to this Lease), to the best of Landlord's knowledge, but without investigation or inquiry, the Project is and shall be free from Hazardous Materials, except for those Hazardous Materials identified in the Phase I environmental study of

the Land delivered to Tenant prior to the Effective Date and except for those Hazardous Materials identified on the Building Plans and incorporated into the Project as contemplated thereby or as are otherwise commonly legally used (in such amounts as are commonly legally used) in the construction or operation of first class office projects similar to the Project. Landlord agrees to indemnify, defend, and hold Tenant and Tenant's affiliates, shareholders, directors, officers, employees, and agents free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (excluding consequential damages), disbursements, or expenses of any kind (including without limitation attorneys' and experts fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against Tenant or any of the foregoing parties in connection with or arising from or out of a breach of the foregoing warranty or a breach of Landlord's obligations and covenants under this Paragraph 15.

16. Repairs and Maintenance.

(a) By Landlord. Landlord shall be responsible for correcting or curing any defect or deficiency in the initial construction of the Building and improvements comprising the Demised Premises, provided that written notice of such defect or deficiency has been provided to Landlord by Tenant within two (2) years after Landlord shall have given written notice to Tenant that the Demised Premises are substantially completed; provided further, however, that the correction or cure of such defect or deficiency shall be at Tenant's cost if the correction or cure of such defect or deficiency would have been covered by a warranty or guaranty from the contractor, subcontractor, supplier, or manufacturer with respect to any such item but for the actions of Tenant, Tenant's agents, contractors or employees resulting in such warranty or guaranty being unenforceable or void as to the correction or cure of such defect or deficiency. In addition to the foregoing, Tenant shall notify Landlord from time to time when repairs, restorations, or replacements to the structural portions of the foundation, exterior walls, structural frame and roof are necessary, and Landlord shall, within sixty (60) days after such notice and at its sole cost and expense (unless caused by the gross negligence or willful misconduct of Tenant, its agents, contractors or employees), make all necessary repairs, restorations, and replacements to the structural portions of the foundation, exterior walls, structural frame and roof. During any time warranties are in effect Landlord may cause such work to be performed by enforcing such warranties.

(b) By Tenant. Except as expressly provided in subparagraph (a) of this Paragraph 16, and except as provided in Paragraph 29(e), Tenant will, at its sole cost and expense, (i) in the event Tenant elects not to self-manage the Project, hire a company

experienced in the management and maintenance of facilities similar to the Project (approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay, and which approval shall be deemed granted if Landlord fails to respond to a written request therefor within twenty (20) days; Landlord hereby approves Washington Group International for all purposes in connection with this Lease as a management company), to manage and maintain the Project (the contract with such company shall provide for the contract to terminate on the date (the "Applicable Date") which is the earlier of the Recapture Date (as defined in Paragraph 29(e) hereof), the last day of the term of this Lease, and the day Landlord terminates Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof), and (ii) take care of and maintain the Project in first class order, repair and operating condition and make repairs, restorations, and replacements to the Project, including without limitation the heating, ventilating, air conditioning, mechanical, electrical, elevator, and plumbing systems, structural roof, walls, and

foundations, paving, curbs, landscaping, and the fixtures and appurtenances to the Project as and when needed to preserve them in good working order and condition and as required by Article IX of the Declaration and regardless of whether the repairs, restorations, and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or non-capital, or the fault or not the fault of Tenant, its agents, employees, invitees, visitors, or contractors, but not to the extent caused by the negligence or intentional misconduct of Landlord, its employees, agents or licensees. Tenant agrees to keep and maintain in full force and effect, from the first day of the Move-in Period and continuing thereafter throughout the term of this Lease, at Tenant's sole expense, a maintenance contract with a reputable heating and air conditioning contractor with respect to the heating and air conditioning equipment servicing the Project. Such contract shall provide for service to be rendered on a regular periodic basis, shall provide for the contract to terminate on the Applicable Date. Tenant shall deliver to Landlord written evidence of such service contract upon request of Landlord. All repairs, restorations, and replacements by Tenant hereunder will be in quality and class equal to the original work or installations. If Tenant fails to make repairs, restorations, or replacements within thirty (30) days after receipt of written notice from Landlord of the need therefor, Landlord may thereafter make them at the expense of Tenant and the expense will be collectible as additional rent to be paid by Tenant within thirty (30) days after its receipt of a valid invoice therefor.

17. Alterations. Tenant will not make any alterations, additions, or improvements to the Demised Premises without Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed, and which shall be deemed granted if Landlord fails to respond to a written request therefor within twenty (20) days); provided, however, Landlord's prior written consent will not be necessary for (i) any alteration (including without limitation any non-structural or decorative alteration not permitted under clause (ii) hereof), addition, or improvement (which shall include any related series of alterations, additions or improvements) costing less than $100,000, or (ii) any interior painting, wallpapering, recarpeting, or other flooring, or moving of electric outlets, provided and on the condition that such alteration, addition or improvement under either (i) or (ii):

(a) does not affect the Building systems, including without limitation the heating, ventilating, air conditioning, mechanical, electrical and plumbing systems;

(b) does not materially diminish the value of the improvements in the applicable portion of the Demised Premises;

(c) does not adversely change the general character of the Demised Premises, or reduce the fair market value of the Demised Premises below its fair market value prior to the alteration, addition, or improvement;

(d) is made with due diligence, in a good and workmanlike manner, and in compliance with the laws, ordinances, orders, rules, regulations, certificates of occupancy, or other governmental requirements;

(e) is promptly and fully paid for by Tenant; and

(f) if necessary, except for decorative changes, and moving of electric outlets, permitted under (ii) above, is made under the supervision of an architect or engineer reasonably satisfactory to Landlord (Landlord hereby agreeing that Landlord's Architect (as defined on Exhibit "C" hereto) shall be deemed a satisfactory architect for all purposes under this Paragraph 17) and in accordance with plans and specifications approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

Tenant will not be obligated to remove any improvements made by Landlord

pursuant to Exhibit "C". In addition, Tenant shall not be obligated to remove any alterations, additions, fixtures, or improvements made in or upon the Demised Premises by Tenant, unless (a) such alterations, additions, fixtures or improvements are not in keeping with the character of the Building and typically installed in buildings in Irving, Texas, and (b) Landlord notifies Tenant, in Landlord's written consent delivered to Tenant with respect to the installation of such alterations, additions or improvements, that such alterations, additions and improvements are to be removed at the termination of this Lease, in which event Tenant shall also restore, at its sole cost and expense, at the termination of this Lease, the affected portion of the Demised Premises to its condition prior to the installation of such alterations, additions and improvements, normal wear and tear excepted. If Tenant is not required to remove such alterations, additions and improvements, such alterations, additions and improvements will immediately become Landlord's property and at the end of the term of this Lease will remain on the Demised Premises without compensation to Tenant. Even if Landlord's consent is not required for any alteration, addition or improvement, Tenant shall give Landlord prior notice of any such alteration, addition or improvement or related series of alterations, additions or improvements costing over $25,000.00, and upon completion thereof (other than decorations), Tenant shall deliver to Landlord three (3) copies of the "as-built" plans therefor (if any).

18. End of Term. At the end of the term of this Lease, Tenant will surrender the Demised Premises in good order and condition, ordinary wear and tear, casualty and condemnation excepted. Tenant may remove from the Demised Premises Tenant's trade fixtures, equipment, and movable furniture in the Demised Premises, whether or not the trade fixtures or equipment are fastened to the Building. Tenant will fully repair any damage occasioned by the removal of any trade fixtures, equipment, and furniture. All trade fixtures, equipment, and furniture not so removed will conclusively be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to Tenant or to any other person and without obligation to account for them. Tenant will pay Landlord all expenses incurred in connection with Landlord's disposition

of such property, including without limitation the cost of repairing any damage to the Building or Demised Premises caused by removal of the property. Tenant's obligation to observe and perform this covenant will survive the expiration or termination of this Lease.

19. Damage and Destruction.

(a) If the Demised Premises are damaged by fire or any other cause (a "Casualty"), Tenant shall give Landlord prompt written notice thereof, and this Lease shall not terminate and such damaged portion of the Demised Premises shall be repaired or rebuilt as set forth in Paragraph 19(b), unless this Lease is terminated as provided in this Paragraph 19(a). If the Demised Premises are (i) damaged to such an extent that repairs cannot, in Landlord's reasonable judgment, be completed within two hundred seventy (270) days after the date Tenant's notice to Landlord with respect to the Casualty (if Landlord so determines that the repairs cannot be completed within such two hundred seventy (270) day period, Landlord shall give Tenant notice of such determination within forty five (45) days after the date of Tenant's notice to Landlord with respect to the Casualty), or (ii) damaged (to the extent of twenty five percent (25%) or more of the rentable area of the Demised Premises determined according to BOMA Standards as defined on Exhibit "C" hereto) or destroyed during the last eighteen (18) months of the term of this Lease (as the same may have been extended; provided, however, that if one or more unexercised options to extend the term of this Lease then exist, and such Casualty occurs at least fourteen (14) months and not more than eighteen (18) months prior to the expiration of the term of this Lease, then Tenant shall have the right to extend the term of

this Lease as provided in Exhibit "E" hereto by giving the written Exercise
Notice (as defined in Exhibit "E") to Landlord within thirty (30) days after the Casualty, whereupon the term of the Lease for purposes of applying this Paragraph 19(a)(ii) to such Casualty shall be deemed to be the term as so extended), then and in any such event Landlord may at its option terminate this Lease by notice in writing to the Tenant within forty five (45) days after the date of Tenant's notice to Landlord with respect to the Casualty. If the Demised Premises are damaged to such an extent that repairs cannot, in Landlord's judgment, be completed within two hundred seventy (270) days after the date of Tenant's notice to Landlord with respect to the Casualty or if the Demised Premises are substantially damaged during the last eighteen (18) months of the term of this Lease, then in either such event Tenant may elect to terminate this Lease by notice in writing to Landlord within forty five (45) days after the date of Tenant's notice to Landlord with respect to the Casualty. If the Lease is terminated by either party pursuant to this Paragraph 19(a), the termination shall be effective as of the date of the Casualty and the rent shall abate from that date, and any rent paid for any period beyond such date shall be refunded to Tenant.

(b) If this Lease is not terminated as provided in Paragraph 19(a), then Landlord shall, at its sole cost and expense (except to the extent Tenant failed to comply with Tenant's insurance obligation under Paragraph 13(a), in which event Tenant shall pay to Landlord the entire amount that would have been paid under the insurance required by Paragraph 13(a)), restore the Demised Premises as speedily as practical, but in any event within two hundred seventy (270) days after the date of Tenant's notice to Landlord with respect to the Casualty; provided, however, Landlord's obligation shall be limited to the work and improvements which were originally performed or installed at Landlord's expense as described in Exhibit "C" attached hereto. During the restoration period, a just and proportionate part of the rent shall abate for the period during which the Demised Premises or a portion thereof are not suitable for Tenant's business needs. If

the cost of performing such repairs exceeds the actual proceeds of insurance paid or payable to Landlord on account of such Casualty, Landlord may terminate this Lease unless Tenant, within forty five (45) days after demand therefor, deposits with Landlord a sum of money sufficient to pay the difference between the cost of repair and the proceeds of the insurance available to Landlord for such purpose.

(c) If Landlord, subject to Force Majeure and subject to delays caused by Tenant, does not restore the Demised Premises as required in Paragraph 19(b) within the time period therein set forth, Tenant may terminate this Lease at any time thereafter [and rent shall be abated as of the date of termination (and as of the date of the Casualty with respect to the damaged portion)], prior to the date such restoration is substantially completed, provided (i) Tenant gives Landlord not less than thirty (30) days prior written notice, and (ii) Landlord does not complete the restoration during such thirty (30) day period.

20. Condemnation.

(a) Total Taking. If, by exercise of the right of eminent domain or by conveyance made in response to the threat of the exercise of such right (in either case a "taking"), all of the Demised Premises are taken, or if so much of the Demised Premises are taken that the Demised Premises (even if the restorations described in Paragraph 20(b) were to be made) cannot be used by Tenant for the purposes for which they were used immediately before the taking, this Lease will end on the earlier of the vesting of title to the Demised Premises in the condemning authority or the taking of possession of the Demised Premises by the condemning authority (in either case the "ending date"). If

this Lease ends according to this Paragraph 20(a), prepaid rent will be appropriately prorated to the ending date. The award in a taking subject to this Paragraph 20(a) will be allocated according to Paragraph 20(c).

(b) Partial Taking. If, after a taking, enough of the Demised Premises remains that can be used for substantially the same purposes for which they were used immediately before the taking, as reasonably determined by Tenant:

(1) this Lease will end on the ending date as to the part of the Demised Premises which is taken;

(2) beginning on the day after the ending date, Base Rent for so much of the Demised Premises as remains will be reduced in the proportion of the rentable area of the Demised Premises remaining after the taking to the rentable area of the Demised Premises before the taking (both determined according to BOMA Standards as defined on Exhibit "C" hereto) and any prepaid rent will be appropriately prorated;

(3) Landlord shall, at its sole cost and expense, restore the Demised Premises as speedily as practical but in any event within two hundred seventy (270) days after the taking; provided, however, Landlord's obligation shall be limited to the work and improvements which were originally performed or installed at Landlord's expense as described in Exhibit "C" attached hereto (if the cost of performing such repairs exceeds the actual condemnation proceeds paid or payable to Landlord on account of such Taking, Landlord may terminate this Lease unless Tenant, within forty five (45) days after demand therefor, deposits

with Landlord a sum of money sufficient to pay the difference between the cost of repair and the condemnation proceeds available to Landlord for such purpose). If Landlord, subject to Force Majeure and subject to delays caused by Tenant, does not restore the Demised Premises as required in this Paragraph 20(b)(3) within the time period herein set forth, Tenant may terminate this Lease at any time thereafter [and rent shall be abated as of the date of termination (and as of the date of the taking with respect to the affected portion)], prior to the date such restoration is substantially completed, provided (i) Tenant gives Landlord written notice of such termination after the date Landlord was required to have completed such restoration and prior to the date such restoration is substantially completed, and (ii) Landlord does not complete the restoration within thirty (30) days after Tenant's notice subject to Force Majeure and subject to delays caused by Tenant.

(4) Landlord will keep the balance of the award remaining after payment of the costs and expenses of Landlord's restoration pursuant to Paragraph 20(b)(3). In addition, if more than twenty-five percent (25%) of the parking spaces on the Demised Premises are subject to a taking and all such taken parking spaces are not permanently replaced by Landlord with reasonably comparable spaces on or adjacent to the Project within two hundred seventy (270) days from the date of the taking, or if a taking of a portion of the Demised Premises results in access to the Demised Premises being materially adversely affected and the Demised Premises cannot be restored, within two hundred seventy (270) days from the date of the taking, to a condition where access to the Demised Premises is not materially adversely affected, Tenant shall have the right to terminate this Lease.

(c) Allocation of Award. Tenant shall have no claim against Landlord or against the condemning authority for the value of any leasehold estate or for the value of the unexpired term of this Lease. All compensation awarded or paid to Landlord upon a total or partial taking of the Demised Premises shall belong to and be the property of Landlord without any participation by Tenant. Nothing

herein shall be construed to preclude Tenant from prosecuting any claim directly against the condemning authority for loss of business, for damage to, and cost of removal of, trade fixtures, furniture and other personal property belonging to Tenant, and for the unamortized cost of leasehold improvements to the extent same were installed at Tenant's expense; provided, however, that no such claim shall diminish or adversely affect Landlord's award.

21. Subordination; Non-Disturbance; Title.

(a) Existing Security Deeds or Underlying Leases. Landlord represents and warrants to Tenant that as of the date Landlord acquires fee simple title to the Land, the Land is (or will be) free and clear of any mortgages, deeds to secure debt, deeds of trust or other such financing instruments (each a "Security Deed") or any ground or underlying leases.

(b) Subordination. This Lease shall be prior to all Security Deeds or ground or underlying leases affecting the Land. Tenant agrees that upon request from the Landlord, from the holder or proposed holder of any Security Deed or from the lessor or proposed lessor under any underlying ground lease, Tenant shall execute a subordination, nondisturbance and attornment agreement ("non-disturbance agreement") in form reasonably acceptable to Tenant subordinating this Lease to the interest of such holder or lessor and their respective heirs,

successors and assigns. The holder of any such Security Deed or the lessor under any such underlying ground lease shall agree in such non-disturbance agreement that, so long as there exists no Event of Default, such holder or lessor or any person or entity acquiring the interest of the Landlord under this Lease as a result of the enforcement of such Security Deed or ground lease or deed in lieu thereof (the "Successor Landlord") shall not terminate this Lease nor take any action to disturb Tenant's possession of the Demised Premises during the remainder of the term of this Lease and any extension or renewal thereof, and the Successor Landlord shall recognize all of Tenant's rights under this Lease, despite any foreclosure, lease termination or other action by such holder or ground lessor, including, without limitation, the taking of possession of the Demised Premises or any portion thereof by the Successor Landlord or the exercise of any assignment of rents by the holder or ground lessor. In any such non-disturbance agreement, Tenant shall agree to give the holder of the Security Deed (or, in the case of an underlying lease, the lessor thereunder) notice of defaults by Landlord hereunder (but only to the address previously supplied to Tenant in writing) and time periods to cure such defaults which are thirty (30) days in addition to those granted to Landlord hereunder (which time period shall run from and after such notice is given to such holder or lessor), except that Tenant may exercise abatement rights and offset rights pending such cure, and Tenant shall further agree that any Successor Landlord shall not be liable for any accrued obligation of the former landlord, or for any act or omission of the former landlord, nor be subject to any counterclaims which shall have accrued to Tenant against the former landlord prior to the date upon which such party shall become the owner of the Demised Premises (but the foregoing shall not excuse such Successor Landlord from such Successor Landlord's failure to comply with the terms of this Lease subsequent to succeeding to the interest of Landlord under this Lease or limit Tenant's rights under Paragraph 34(t) of this Lease, provided that (i) the applicable holder or ground lessor was provided written notice under Paragraph 34(t) of the Event of Default by Landlord prior to the date such Successor Landlord became the owner of the Demised Premises (and after the giving of such notice such holder or ground lessor was given the notices and copies required under Paragraph 34(t) in accordance with Section 34(t)), and (ii) the applicable holder or ground lessor (Successor Landlord after the date such Successor Landlord became the owner of the Demised Premises) was provided with all the notices and copies required under Section 34(t) in accordance with Section 34(t)). Such non-disturbance agreement shall also provide for the attornment by Tenant to the Successor Landlord and shall provide that such Successor Landlord shall not be (a) subject to any offsets which the Tenant

might have against the former landlord (except for the limited right of offset set forth in Paragraph 34(t) hereof and any abatement of rent provided for in this Lease); or (b) bound by any Base Rent or any other payments which the Tenant under this Lease might have paid for more than one (1) month in advance to any former landlord under this Lease; or (c) bound by any amendment or modification of this Lease made without the ground lessor's or holder's prior written consent; or (d) bound by any consent by the Landlord under this Lease to any assignment of the Tenant's interest in this Lease or any subletting of the Demised Premises made without also obtaining the lessor's or holder's prior written consent (which consent shall be subject to the standards and limitations set forth in Paragraph 29 as if "Landlord" in such standards and limitations referred to such lessor or holder). Landlord will join in the signing of the non-disturbance agreement, and such non-disturbance agreement will be in the form suitable for recording in the deed records of Dallas County, Texas.

(c) Election by Mortgagee. If the holder of any Security Deed or any lessor under a ground or underlying lease elects to have this Lease superior to its Security Deed or lease

and signifies its election in the instrument creating its lien or lease or by separate instrument recorded in connection with or prior to a foreclosure, or in the foreclosure deed itself, then this Lease shall be superior to such Security Deed or lease.

(d) Title. Tenant represents and warrants to Landlord that as of the date of this Lease, Tenant has a valid agreement ("Purchase Contract") to acquire fee simple title to the Land. Simultaneously with the execution of this Lease, Landlord and Tenant and the seller under the Purchase Contract shall enter into the agreement ("Assignment Agreement") attached hereto as Exhibit "J" and by reference made a part hereof with respect to the Purchase Contract and the rights of Landlord and Tenant to purchase the Land thereunder. The parties acknowledge that the obligations of the parties hereto are conditioned upon the execution of the Assignment Agreement and the acquisition of the Land by Landlord on or before September 19, 2001. In the event Tenant has assigned the Purchase Contract to Landlord in accordance herewith but the Land is not acquired by Landlord on or before September 19, 2001, Tenant may elect by notice given to Landlord at any time thereafter prior to the acquisition of the Land by Landlord to terminate this Lease. The Land shall be acquired subject only to those exceptions set forth on Exhibit "G" attached hereto and by reference made a part hereof, any loan which is subject to this Lease, any loan with respect to which the holder has executed a non-disturbance agreement in accordance with the provisions of Paragraph 21(b) of this Lease, such matters as do not affect the priority of this Lease or the use of the Premises for office purposes, and such other matters as may be consented to by Tenant, which consent Tenant shall not unreasonably withhold, condition or delay. In the event the Land is not acquired by Landlord on or before September 19, 2001, Landlord may elect by notice given to Tenant at any time thereafter prior to the acquisition of the Land by Landlord to terminate this Lease.

22. Landlord's Access. Landlord, its agents, employees, and contractors may enter the Demised Premises at any time in response to an emergency, and otherwise only with Tenant's consent and only during reasonable business hours and only upon no less than 24 hours advance notice (so that Tenant, if Tenant so desires, may provide an employee, agent or representative of Tenant to accompany Landlord during such entry), in order to (a) inspect the Demised Premises to confirm Tenant's compliance with its obligations under this Lease, (b) exhibit the Demised Premises to prospective purchasers, lenders, or tenants (but with respect to prospective tenants, only during the final twelve (12) months of the term of this Lease or at any time after an Event of Default), (c) post notices of nonresponsibility or similar notices, or (d) make repairs which this Lease

requires Landlord to make; however, all work will be done as promptly as reasonably possible and so as to cause as little interference to Tenant as reasonably possible. So long as Landlord exercises such right of entry so as to cause as little interference to Tenant as reasonably possible, Tenant waives any claim on account of any injury or inconvenience to Tenant's business, interference with Tenant's business, loss of occupancy or quiet enjoyment of the Demised Premises, or any other loss occasioned by the entry (except to the extent of Landlord's negligence or willful misconduct, or that of its employees, agents, contractors and licensees). Landlord will at all times have a key with which to unlock all of the doors in the Demised Premises (excluding Tenant's vaults, safes, and similar areas designated in writing by Tenant in advance). Landlord will have the right to use any means Landlord may deem reasonably necessary to open doors in and to the Demised Premises in an emergency in order to enter the Demised Premises. Notwithstanding anything to the contrary herein, Tenant may, by prior written notice to Landlord, designate portions of the Demised Premises as "secure"

areas which shall not be accessible to Landlord without Tenant's consent except in case of emergency and except to the extent Landlord is required to have access thereto by applicable fire code or other applicable law. Tenant shall also have the right to install and operate, at Tenant's expense, a separate security system for the Demised Premises, and shall be allowed to restrict access in any reasonable manner to the Demised Premises and the parking area; provided that Tenant shall provide Landlord with an access card, key, combination, code or other information or object necessary to permit Landlord to gain access to the Demised Premises pursuant to this Paragraph 22 using such security system.

23. Indemnification, Waiver and Release.

(a) Tenant's Indemnification. Except to the extent caused by Landlord, its agents, employees, contractors or representatives, Tenant will indemnify Landlord and its partners and their respective agents and employees against, and hold Landlord and its partners and their respective agents and employees harmless from, any and all demands, claims, causes of action, fines, penalties, damages (including without limitation consequential damages), losses, liabilities, judgments, and expenses (including without limitation attorneys' fees and court costs) incurred in connection with or arising from:

(1) the use or occupancy of the Demised Premises by Tenant or any person claiming under Tenant;

(2) any activity, work, or thing done or permitted or suffered by Tenant in or about the Demised Premises;

(3) any acts, omissions, or negligence of Tenant, any person claiming under Tenant, or the employees, agents, contractors, invitees, or visitors of Tenant or any such person;

(4) any breach, violation, or nonperformance by all or any one or more of the Tenant Parties of any term, covenant, or provision of this Lease or law, ordinance, or governmental requirement of any kind; or.

(5) any injury or damage to the person, property, or business of Tenant or its employees, agents, contractors, invitees, visitors, or any other person entering upon the Demised Premises under the express or implied invitation of Tenant.

If any action or proceeding is brought against Landlord or its partners or their respective agents or employees by reason of any claim, Tenant, upon notice from Landlord, will defend the claim at Tenant's expense with counsel reasonably satisfactory to Landlord.

(b) Waiver and Release. Tenant waives and releases all claims against Landlord and its partners and their respective agents and employees with respect to all matters for which Landlord has disclaimed liability pursuant to the provisions of this Lease. In addition, Tenant agrees that Landlord and its partners and their respective agents and employees will not be liable for any loss, injury, death, or damage (including without limitation consequential damages;) to persons, property, or Tenant's business occasioned by theft; act of God; public

enemy; injunction; riot; strike; insurrection; war; court order; requisition; order of governmental body or authority; fire; explosion; falling objects; steam, water, rain or snow; leak or flow of water, rain or snow from the Demised Premises or into the Demised Premises or from the roof, street, subsurface, or from any other place, or by dampness, or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures of the building; or from any acts or omissions of any visitor of the Demised Premises; or from any cause beyond Landlord's reasonable control, except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees, contractors or representatives (provided, however, the foregoing exclusion shall not excuse Landlord from satisfying its obligations pursuant to Paragraphs 16, 19 and 20 under this Lease).

(c) Landlord Indemnification. Landlord shall indemnify, defend and hold Tenant, its employees, agents and officers harmless from and against any and all liabilities, obligations, damages, claims, suits, losses, causes of action, liens, judgments and expenses (including court costs, attorneys' fees and costs of investigation) of any kind, nature or description resulting from any injuries to or death of any person or any damage to property which arises, or is claimed to arise from, an incident or event which occurred within or on the Demised Premises, but only to the extent such incident or event is the result of or caused by the acts or omissions of, or the breach of this Lease by, Landlord, its employees, agents, contractors or licensees. If any such claim is made against Tenant, its employees, agents or officers, Landlord shall, at Landlord's sole cost and expense, defend such claim on behalf of Tenant.

(d) Tax Abatement. Landlord and Tenant acknowledge and agree that Landlord and Tenant have entered into or will enter into a Tax Abatement Agreement among the City of Irving, Texas (the "City"), Landlord and Tenant (the "Tax Abatement Agreement") which shall provide for a tax abatement for a period of ten (10) years upon certain terms and conditions set forth therein. Landlord and Tenant further acknowledge that the Tax Abatement Agreement provides that upon the occurrence of a default under the Tax Abatement Agreement (after the expiration of the applicable notice and cure periods set forth therein), the City is entitled to receive from the "Owner" thereunder as liquidated damages all taxes and penalties which otherwise would have been paid to the City without benefit of abatement, for the entire period of abatement. Tenant hereby agrees that Tenant shall be solely responsible for the payment of any sums or amounts payable to the City by Landlord as "Owner" under the Tax Abatement Agreement, including the timely payment of any liquidated damages or other amounts payable to the City under such Tax Abatement Agreement as a result of a default or breach thereunder. Tenant agrees that Tenant shall timely and fully comply with all obligations of Tenant under the Tax Abatement Agreement, the breach of which could result in any such liquidated damages being payable by the "Owner" under the Tax Abatement Agreement. Tenant does hereby agree to indemnify and hold Landlord harmless from and against any and all loss, cost, damage and expense, including court costs and reasonable attorneys' fees, suffered or incurred by Landlord and caused by or resulting from any breach or default by Tenant of its obligations under such Tax Abatement Agreement or caused by or resulting from any breach or default by Tenant of any of Tenant's obligations under this Lease which constitute a breach or default by the "Owner" under the Tax Abatement Agreement.

24. Covenant of Quiet Enjoyment. So long as Tenant pays the rent and performs all of its obligations in this Lease, Tenant's possession of the Demised Premises will not be disturbed by Landlord, or anyone claiming by, through or under Landlord.

25. Limitation On Tenant's Recourse. Tenant's sole recourse against Landlord, and any successor to the interest of Landlord in the Demised Premises, is to the interest of Landlord, and any such successor, in the Demised Premises, the proceeds of insurance attributable to the applicable claim, if any, actually received by Landlord from Landlord's insurance policy or policies after the claim is asserted and not applied to the applicable claim or to the restoration of the Project (net of all costs and payments to the holders of Security Deeds and ground leases), and the net proceeds from any sale, financing, refinancing or other transfer (including, without limitation, any transfer or conveyance as security) of the Project, whether voluntary, involuntary or by operation of law and net of all costs and payments to the holders of Security Deeds and ground leases. Tenant will not have any right to satisfy any judgment which it may have against Landlord, or any successor, from any other assets of Landlord, or any successor. In this Paragraph 25 the terms "Landlord" and "successor" include the shareholders, venturers, and partners of Landlord and any successor and the officers, directors, and employees of Landlord and any successor. The provisions of this Paragraph 25 are not intended to limit Tenant's right to seek injunctive relief, specific performance, abatement or offset permitted under this Lease, or Tenant's right to claim the proceeds of insurance (if any) specifically maintained by Landlord for Tenant's benefit.

26. Defaults and Remedies.

(a) Defaults. Each of the following acts, events or conditions shall constitute an "Event of Default" under this Lease:

(i) Tenant's failure to pay Base Rent or Taxes when the same shall be due and payable and the continuance of such failure for a period of ten (10) days after receipt by Tenant of notice in writing from Landlord specifying the nature of such failure; provided, however, such notice and such grace period shall be required to be provided by Landlord and shall be accorded Tenant, if necessary, only two (2) times during any calendar year, and an Event of Default shall be deemed to have immediately occurred upon the third (3rd) failure by Tenant to make a timely payment as aforesaid within any calendar year; or

(ii) Tenant's failure to perform any of the other covenants, conditions and agreements herein contained on Tenant's part to be kept or performed and the continuance of such failure without the curing of same for a period of thirty (30) days after receipt by Tenant of notice in writing from Landlord specifying the nature of such failure; provided, however, in the case of a failure or breach which cannot with due diligence be remedied by Tenant within a period of thirty (30) days, if Tenant proceeds as promptly as may be reasonably possible after the service of such notice and with all due diligence to remedy the failure or breach and thereafter to prosecute the remedying of such failure or breach with all due diligence, Tenant shall have an additional reasonable period of time, not to exceed ninety (90) days, in which to effect such cure; or

(iii) If Tenant or any guarantor shall (A) file a petition commencing a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law; (B) make a general assignment

for the benefit of its creditors; (C) file an application for, or consent to, the appointment of any receiver or a permanent or interim trustee of Tenant or such guarantor or of all or a substantial portion of its property; (D) file a petition seeking a reorganization of its financial affairs or to take advantage of any bankruptcy, insolvency or similar law, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law; (E) take any action for the purpose of effecting any of the foregoing; or (F) be the subject of a decree or order for relief by a court having jurisdiction in respect of Tenant or such guarantor in any involuntary case under any applicable federal or state bankruptcy, insolvency or similar law; or

(iv) If the Demised Premises or any portion thereof or any interest therein becomes subject to a lien resulting from the entry of a final, non-appealable judgment against Tenant and Tenant shall have failed to release, discharge or otherwise bond such lien within thirty (30) days after written notice of such lien has been given by Landlord to Tenant but in any event prior to foreclosure of such lien; or

(v) If any proceedings brought against Tenant seeking any of the relief mentioned in Paragraph 26(a)(iii) shall not have been stayed or dismissed within ninety (90) days.

(b) Landlord's Remedies. Upon the occurrence of any Event of Default, ---------- Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, except as required herein:

(i) Landlord may terminate this Lease by written notice to Tenant, in which event Tenant shall immediately surrender the Demised Premises to Landlord, and if Tenant fails to do so, Landlord may to the extent permitted by law and without prejudice to any other right, remedy, or power which it may have, enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying the Demised Premises or any part thereof, without being liable for prosecution or any claim for damages therefor.

(ii) Landlord may enter upon and take possession of the Demised Premises, without terminating this Lease, and expel or remove Tenant and any other person who may be occupying the Demised Premises or any part thereof, by entry, dispossessory suit or otherwise, without being liable for prosecution or any claim for damages therefor, and, if Landlord so elects, make such alterations and repairs as may be necessary to relet the Demised Premises, and relet the Demised Premises, or any part thereof, at such rent and for such term and subject to such terms and conditions as Landlord may deem advisable and receive the rent therefor. Upon each such reletting all rentals received by Landlord from such reletting shall be applied, first to the payment of any charges or expenses outstanding and relating to the operation or the ownership of the Demised Premises; second, to the payment of any loss and expense of such reletting, including without limitation brokerage fees and attorney's fees and costs of such

alterations and repairs; third, to the payment of rental due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future Base Rent, additional rental, and other charges as the same may become due and payable hereunder. Tenant agrees to pay to Landlord on demand from time to time any deficiency that may from time to time arise by reason of such reletting, with the right reserved to Landlord to bring from time to time action(s) or proceeding(s) for the recovery of any deficits from time to time remaining unpaid without having to await the end of the term for a final determination of Tenant's account, and the commencement of any one or more such actions or proceedings shall not bar or preclude Landlord's bringing other or subsequent actions or proceedings for future such deficits. Any such reletting herein provided for may be for the remainder of the term of this Lease or for a longer or shorter period,

and may be upon such other terms as Landlord in its sole discretion shall determine. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect by written notice to Tenant to terminate this Lease for such previous breach.

(iii) Should Landlord at any time terminate this Lease as herein provided on account of any default or event of default as defined under Paragraph 26(a) hereof, in addition to any other right, remedy, or power it may have, Landlord may declare the amount by which the entire amount of rent, additional rent and other charges and assessments which in Landlord's reasonable determination would have become due and payable during the remainder of the term of this Lease (had this Lease not been terminated), discounted to present value using a discount factor of eight percent (8%) per annum, exceeds the fair rental value of the Demised Premises for the same period, likewise discounted to present value, to be payable immediately. Fair rental value shall be the rental rate that would be received from a comparable tenant for the lease of the Demised Premises taking into consideration the quality, size, design and location of the Demised Premises, the rent and rental concessions (e.g., tenant allowances
---- for improvements, construction and moving) generally prevailing at the time of the termination of this Lease for comparable leases of comparable space at comparable buildings located in the Irving, Texas, area, the then condition of the Demised Premises, market conditions, and the period of time the Demised Premises may reasonably be expected to remain vacant before the Demised Premises are relet to a suitable new tenant. Upon the acceleration of such amounts, Tenant agrees to pay the same at once, together with all rent and other charges and assessments theretofore due; provided, however, that such payment shall not constitute a penalty or forfeiture but shall constitute liquidated damages for Tenant's failure to comply with the terms and provisions of this Lease (Landlord and Tenant agreeing that Landlord's actual damages in such event are impossible to ascertain and that the amount set forth above is a reasonable estimate thereof). If any legal requirements shall validly limit the amount of the damages provided for in the immediately preceding sentence to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such legal requirements.

(iv) In the event Tenant does not comply with its obligations under this Lease, Landlord shall also have the right to appropriate injunctive relief.

(v) Notwithstanding the foregoing to the contrary, if Tenant has vacated the Demised Premises and is not contesting Landlord's right to the possession of the Demised Premises, Landlord shall use reasonable efforts to relet the Demised Premises; provided, however, that (A) Landlord shall have the right to treat preferentially any space in other buildings and projects of Landlord or any affiliate of Landlord before reletting the Demised Premises; (B) Landlord shall not be obligated to expend any efforts or any monies beyond those Landlord would expend in the ordinary course of leasing space; and (C) in evaluating a prospective reletting of the Demised Premises, Landlord may consider the term, rental, use and reputation, experience, financial standing of prospective tenants and any other factors which Landlord normally uses to evaluate prospective tenants.

(c) Right to Perform. If Tenant shall fail to make any payment
---------- required to be made under this Lease or shall default in the performance of any other covenant, agreement, term, provision or condition herein contained, Landlord, without being under any obligation to do so and without thereby waiving such failure or default, may make such payment or remedy such other default for the account and at the expense of Tenant, immediately and without notice in the event Landlord in good faith believes such action is necessary to prevent physical injury to persons or damage to property, or in any other case only if Tenant shall fail to make such payment or remedy such default within the

applicable grace period specified in Paragraph 26(a) hereof after Landlord shall have notified Tenant in writing of such failure or default. Bills for any expense reasonably incurred by Landlord in connection therewith, and bills for all reasonable costs, expenses and disbursements of every kind and nature, including, without limitation, attorneys' fees and expenses, involved in collecting or endeavoring to enforce any right against Tenant, under or in connection with this Lease, or pursuant to law, including, without limitation, any such costs, expenses and disbursements involved in instituting and prosecuting summary proceedings, as well as bills for any property, material, labor or services provided, furnished or rendered, or caused to be furnished or rendered, by Landlord to Tenant with respect to the Demised Premises and other equipment and construction work done for the account of Tenant (together with interest at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by law from the respective dates of Landlord's making of each such payment or incurring of each such cost and expense), may be sent by Landlord to Tenant monthly, or immediately, at Landlord's option, and shall be due and payable in accordance with the terms of such bills as additional rent under this Lease.

(d) No Remedy Exclusive; Waiver of Distraint. No remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity.

(e) Waiver of Redemption. Tenant, for itself, and on behalf of any and all persons claiming through or under Tenant, including without limitation creditors of all kinds, does hereby waive and surrender all right and privilege which they or any of them may have under or by reason of any present or future law, to redeem the Demised Premises or to have a continuance of this Lease for the term hereby demised after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided.

27. Attorneys' Fees. If because of the occurrence of an Event of Default or any breach of any covenant or condition hereof by either party it shall become necessary for the other party to employ an attorney to enforce or defend any of such party's rights or remedies hereunder or to collect any amounts due hereunder, the prevailing party's attorneys' fees and expenses incurred in connection therewith shall be paid by the non-prevailing party.

28. Waivers. Failure of Landlord or Tenant to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision.

29. Assignment and Sublease by Tenant.

(a) Assignment and Sublease By Tenant. Except as provided in Paragraph 29(b) hereof, Tenant shall not assign or in any manner transfer this Lease or any interest herein, or sublet the Demised Premises or any part thereof, or grant any license, concession or other right to occupy any portion of the Demised Premises without the prior written consent of Landlord. Landlord agrees that Landlord will not unreasonably withhold, delay or condition the consent required of Landlord to any proposed assignment or subletting, and such consent shall be deemed granted if Landlord fails to respond to a written

request therefor (which request must include all information necessary for Landlord to make an informed decision, including but not limited to the name of the proposed assignee or sublessee, the affected portion of the Demised Premises, the basic business terms of the proposed assignment or subletting, and such information concerning the proposed assignee or subtenant as will allow Landlord to make an informed judgment as to the reputation, operations, financial condition, and general desirability of the proposed assignee or subtenant) within thirty (30) days; provided, however, in exercising such right of consent to an assignment or subletting pursuant to this Paragraph 29(a), Landlord shall be entitled to take into account, among other things (i) the financial strength of the proposed assignee or subtenant, including without limitation the adequacy of its working capital to pay all expenses anticipated in connection with the operation and maintenance of the Demised Premises; and (ii) the business reputation of the proposed assignee or subtenant. For purposes of this Paragraph 29(a), each of the following shall be deemed to be an assignment or subletting which shall be subject to and governed by the terms of this Paragraph 29: (1) any subletting or assignment which would otherwise occur by operation of law, merger, consolidation, reorganization, transfer or other change of Tenant's corporate or proprietary structure; (2) an assignment or subletting to or by a receiver or trustee in any Federal or State bankruptcy, insolvency or other proceedings; (3) the sale, assignment or transfer of all or substantially all of the assets of Tenant, with or without specific assignment of this Lease; or (4) if Tenant is a partnership or a corporation whose stock is not publicly traded on a nationally recognized securities exchange, the change in control in such partnership or corporation directly, or, if Tenant is a partnership, a change or changes in the control of one or more corporate general partners. The term "change in control" for the purposes hereof shall mean and include, if Tenant or its general partner is a corporation, the transfer of fifty percent (50%) or more of the stock of Tenant or of such corporate general partner, or, if Tenant is a partnership, the change of the managing partner of Tenant.

(b) Assignments and Subleases to Certain Related Parties.

Notwithstanding any other provision to the contrary set forth in this Lease, unless an Event of Default has occurred and is continuing, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Tenant may assign this Lease or sublease all or any portion of the Demised Premises to, or allow the use of the Demised Premises by, without the need for the prior written consent of Landlord (but with prior written notice to Landlord), (i) any entity (the "Restructured Tenant") resulting from a merger, consolidation or restructuring of Tenant or of an entity that directly or indirectly controls Tenant, is controlled by Tenant (and thereafter continues to control or be controlled by Tenant or Restructured Tenant), or is under common control with Tenant (and thereafter continues to be under common control with Tenant or Restructured Tenant), (ii) any affiliate of Tenant, (iii) any purchaser of all or substantially all of the assets of Tenant or any entity that directly or indirectly controls Tenant, (iv) any entity which controls and continues thereafter to control Tenant, is controlled by and continues thereafter to be controlled by Tenant, or is and continues thereafter to be under common control with Tenant, provided that in each such case (x) with respect to assignments, but not subleases, the successor entity, purchaser or transferee shall, as a result of such merger, consolidation, restructuring or acquisition, be legally bound to pay the Base Rent and additional rent (if any) and all other rentals and charges hereunder, and to observe and perform all of the other terms, covenants and provisions of this Lease on the part of Tenant to be observed or performed, (y) with respect to each such assignee, such successor, purchaser, or transferee shall have, in Landlord's reasonable determination, a credit quality and financial condition comparable to or better than that of Tenant (as such may be supplemented by the Parent Company Guaranty identified in Paragraph 34(q) hereof) at the time of such transfer or sublease, and (z) with respect to each such sublessee, such sublessee shall have, in Landlord's reasonable determination, a credit quality and financial condition comparable to or better than that of comparable tenants in comparable buildings to the Building for space comparable to the space being subleased at the time of

such transfer or sublease.

(c) Conditions to Assignment and Subletting. No assignment of this Lease shall be effective unless and until Landlord shall receive (i) an original assignment and assumption agreement, in form and substance reasonably satisfactory to Landlord, signed by Tenant and Tenant's proposed assignee, whereby the assignee assumes the due performance of Tenant's covenants, agreements, obligations, duties and liabilities under this Lease to be done and performed for the balance of the then remaining term of this Lease, and (ii) the written agreement of Guarantor (as defined in Paragraph 34(q) hereof), in form and substance reasonably satisfactory to Landlord, signed by Guarantor, whereby Guarantor consents to such assignment and agrees that the Parent Company Guaranty (as defined in Paragraph 34(q) hereof) continues in full force and effect notwithstanding such assignment. No subletting of the Demised Premises, or any part thereof, shall be effective unless and until there shall have been delivered to Landlord an agreement, in form and substance reasonably satisfactory to Landlord, signed by the Tenant and the proposed sublessee, whereby the sublessee acknowledges the right of Landlord to continue or terminate any sublease, in Landlord's sole discretion, upon the termination of this Lease; provided, however, that in the event conditions (i), (ii), (iii), and (iv) below are satisfied with respect to any such sublease of the entire Building, Landlord shall agree in such agreement that upon the termination of this Lease such sublease shall be continued for the remainder of the term of this Lease (as in effect immediately prior to the termination of this Lease), and such

sublessee shall agree to recognize and attorn to Landlord, such conditions being: (i) such sublessee has a credit quality and financial condition, as reasonably determined by Landlord, comparable to or better than that of Tenant (as such may be supplemented by the Parent Company Guaranty) at the time of such transfer, (ii) the sublease term encompasses the entire Building for the entire remaining term of this Lease, (iii) the Base Rent and other sums payable under the sublease equal or exceed the Base Rent and other sums payable under this Lease with respect to the subleased space, and (iv) the sublessee pays for and makes a minimum of $1,000,000.00 (in excess of any allowances provided in the sublease or otherwise provided by Tenant) of capital improvements to the Project. Fifty percent (50%) of any consideration, in excess of "Tenant's Out of Pocket Costs" (as hereinafter defined), paid to Tenant by any assignee of this Lease (other than to a "Tenant Affiliate" (as hereinafter defined)) for its assignment, or by any sublessee (other than a Tenant Affiliate) under or in connection with its sublease, or otherwise paid to Tenant by another party for use and occupancy of the Demised Premises or any portion thereof, shall be promptly remitted by Tenant to Landlord, after Tenant has received reimbursement for all Tenant's Out-of-Pocket Costs, as additional rent hereunder. "Tenant Affiliate" shall mean an entity identified in Paragraph 29(b)(i), (ii), (iii) or (iv) above. "Tenant's Out of Pocket Costs" shall mean all of Tenant's reasonable out-of-pocket costs associated with the applicable assignment or subletting, including the Base Rent and other charges and sums due and payable by Tenant under this Lease (as the same come due and payable, and not in advance thereof) with respect to such space (other than the amounts payable under this subparagraph) commencing on the date such assignment or sublease delivers possession of such space to such assignee or sublessee, Base Rent for such space for such period of time (not in excess of two months) that such space was fully vacated by Tenant and not in the possession of such subtenant), rent abatement, reasonable advertising costs, brokerage commissions, marketing costs, lease concessions, tenant finish allowances provided to a subtenant (but specifically excluding the $1,000,000.00 in capital improvements required by this Paragraph 29(c) to be made to the Project in connection with such sublease), legal fees, and moving costs. Where a portion of the Demised Premises is sublet, in calculating the profit from such sublease, the costs of Tenant attributable in part to the sublet space and in part to some larger portion of the Demised Premises shall be prorated on the basis of the relative rentable areas thereof determined according to BOMA Standards.

(d) Effect of Consent. Consent by Landlord to one or more assignments or sublettings shall not operate as a waiver of Landlord's rights as to any subsequent assignments and sublettings. If Tenant requests Landlord to consent to a proposed assignment or subletting, Tenant shall pay to Landlord all of Landlord's reasonable administrative costs and reasonable counsel fees, plus all reasonable out-of-pocket expenses incurred by Landlord in connection with such request, whether or not consent is ultimately given (the total of all such expenses not to exceed $2,500.00 per request). Any attempted assignment or subletting by Tenant in violation of the terms and covenants of this Paragraph 29 shall be void ab initio. Notwithstanding any assignment or subletting, Tenant shall at all times remain fully responsible and liable for the payment of rent and additional rent herein specified and for compliance with all of Tenant's other obligations under this Lease.

(e) Recapture. In the event Tenant desires to offer the entire Demised Premises for sublease (other than to a Tenant Affiliate), Tenant must notify Landlord in writing, which writing must include all information necessary for Landlord to make an informed decision,

including but not limited to the name of the proposed sublessee, the basic business terms of the proposed subletting, and such information concerning the proposed subtenant as will allow Landlord to make an informed judgment as to the reputation, operations, financial condition, and general desirability of the proposed subtenant. Landlord shall have the right for a period of thirty (30) days after Tenant's notice to elect either (i) to recapture the Demised Premises, or (ii) to grant or withhold its consent to the proposed subletting, which consent Landlord agrees not to unreasonably withhold, condition or delay, and which consent shall be deemed granted if Landlord fails to respond to a written request therefor within thirty (30) days. Landlord will notify Tenant, in writing, whether Landlord elects to exercise its recapture right or to grant its consent or to withhold its consent (and, if withholding consent, the reasons therefor). In the event Landlord exercises such recapture right, the term of this Lease shall end effective as of the date (the "Recapture Date") sixty (60) days after Landlord's notice; provided, however, that Tenant may cause Landlord's exercise of the recapture right to be rescinded by notifying Landlord in writing within thirty (30) days after Landlord's notice that Tenant has elected not to enter into such sublease, in which event this Lease shall continue in full force and effect, as if Landlord had never elected to exercise Landlord's recapture right, and the term of this Lease shall not end on the Recapture Date.

30. Signs. Tenant shall have the right to erect signs Tenant desires in the Demised Premises, including logos, provided that (i) Tenant obtains Landlord's prior written approval of such signs, which approval shall not be unreasonably withheld, conditioned or delayed, and which shall be deemed granted if Landlord fails to respond to a written request therefor within thirty (30) days and (ii) Tenant obtains all required governmental approvals for the installation and maintenance of such signs (Landlord agrees to reasonably cooperate with Tenant, at Tenant's costs, in Tenant's efforts to obtain such governmental approvals). Tenant shall not be obligated to remove any signs at the termination of this Lease which are in keeping with the character of the Building and typically installed in buildings in Irving, Texas. Tenant shall, at its sole cost and expense, remove all other signs at the termination of this Lease, and shall restore, at its sole cost and expense, at the termination of this Lease, the affected portion of the Demised Premises to its condition prior to the installation of such signs. Tenant shall have the right to install signs, including logos, on the interior walls of elevator lobbies and on the entrance doors on all space leased by Tenant, provided that (i) Tenant obtains Landlord's prior written approval of such signs, which approval shall not be unreasonably withheld, conditioned or delayed, and which shall be deemed granted if Landlord fails to respond to a written request therefor within thirty (30)

days and (ii) Tenant obtains all required governmental approvals for the installation and maintenance of such signs (Landlord agrees to reasonably cooperate with Tenant, at Tenant's costs, in Tenant's efforts to obtain such governmental approvals). Tenant shall keep and maintain all such signs in good order and condition and state of repair at the sole cost and expense of Tenant. Until such time as an Event of Default has occurred and is continuing, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Landlord shall not permit or install any signs on the interior or exterior of the Demised Premises, the Building or the Project without Tenant's consent, which consent Tenant may grant or withhold in Tenant's sole discretion; provided, however, that Tenant shall not unreasonably withhold, condition or delay such consent with respect to directional signs and signs required by applicable laws, ordinances, rules and regulations of governmental authorities.

31. Brokerage. Tenant and Landlord each represent and warrant to and agree with the other that it has not engaged or employed any real estate broker, agent or other intermediary in connection with this Lease other than The Staubach Company ("Broker"). Landlord will pay Broker a commission pursuant to a separate agreement between Landlord and Broker. Tenant shall and does hereby indemnify, defend and hold Landlord harmless from and against any claims, demands, actions and judgments of any brokers, agents and intermediaries (other than Broker) alleging a commission, fee or other payment to be owing by reason of Tenant's dealings, negotiations or communications in connection with this Lease or the demise of the Demised Premises. Landlord shall and does hereby indemnify, defend and hold Tenant harmless from and against any claims, demands, actions and judgments of any and all brokers, agents and other intermediaries (including Broker) alleging a commission, fee or other payment to be owing by reason of Landlord's dealings, negotiations or communications in connection with this Lease or the demise of the Demised Premises.

32. Notices.

(a) Service of Notices. Any notice to be given or to be served upon any party hereto, in connection with this Lease, must be in writing. If any notice is given (i) by certified or registered mail, it shall be deemed to have been given and received five (5) days after a certified or registered letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail, (ii) by a private delivery service or recognized overnight courier, it shall be deemed to have been given and received when delivered or attempted to be delivered to the address of the party to whom it is addressed, (iii) by facsimile transmission, it shall be deemed to have been given and received at the time confirmation of such transmission is received by the sender provided that a copy of such notice is also delivered by a private delivery service or generally recognized overnight courier on the same or on the next business day, and (iv) by any other method, it shall be deemed to have been given and received upon actual receipt thereof regardless of how such delivery was accomplished. A copy of the cover letter sending any notice or request to Tenant shall be simultaneously sent by email to Tenant. Such notices shall be given to the parties hereto at the following addresses, email addresses or facsimile numbers, as appropriate:

If to Landlord:

Wells Operating Partnership, L.P.
c/o Wells Capital, Inc.
Attn: Senior Vice President Asset Management
Suite 250
6200 The Corners Parkway
Norcross, Georgia 30092
FAX: (770) 200-8199

with a copy to:

Troutman Sanders LLP
Attention: Mr. John W. Griffin
600 Peachtree Street, N.E.
Suite 5200
Atlanta, Georgia 30308-2216
FAX: (404) 962-6577 AND 404-885-3900

with a copy to:

Champion Partners, Ltd.
Attn: Jeffrey L. Swope
Suite 100
15601 Dallas Parkway
Addison, Texas 75001
FAX: 972-490-5599
E-Mail: jswope@championpartners.com

If to Tenant:

For United States mail

Nissan North America, Inc.
Attn: Ted Maslin, Corporate Manager, Real Estate and Facilities
P.O. Box 191
Gardena, California 90248-0191
FAX: 310-771-6084
E-Mail: ted.maslin@nissan-usa.com

For all other delivery methods

Nissan North America, Inc.
Attn: Ted Maslin, Corporate Manager, Real Estate and Facilities
330 West Victoria Street
Gardena, California 90248
FAX: 310-771-6084
E-Mail: ted.maslin@nissan-usa.com

with a copy to:

Nissan Motor Acceptance Corporation
Attn: Bill Andrews, Facilities Manager
2901 Kinwest Parkway
Irving, Texas 75602
FAX: 972-501-8140
E-Mail: andrewb@nmac.com

and to:

Nissan North America, Inc.
Attn: Legal Department
990 West 190/th/ Street
Torrance, California 90502
FAX: 310-515-6750
E-Mail: sue.derian@nissan-usa.com

and to:

The Staubach Company
Attn: Frank Ricca
Suite 400

15601 Dallas Parkway
Addison, Texas 75001
FAX: 972-261-5910
E-Mail: fricca@staubach.com

Any such Notice shall be deemed received by the party to whom it is sent, in the case of personal delivery or courier delivery, on the date of delivery thereof, and in the case of registered or certified mail, on the earlier of the date receipt is acknowledged on the return receipt for such Notice or three (3) business days after the date of posting by the United States Post office.

33. Estoppel Certificates.

(a) Within no more than thirty (30) days after written request by either Tenant or Landlord, the other will execute, acknowledge, and deliver to the requesting party, without charge, a certificate stating (to the extent true and accurate):

(1) that this Lease is unmodified and in full force and effect, or, if this Lease is modified, the way in which it is modified accompanied by a copy of the modification agreement;

(2) the date to which Base Rent and other sums payable under this Lease have been paid;

(3) that no notice has been received by it of any default which has not been cured, or, if the default has not been cured, what it intends to do in order to effect the cure, and when it will do so;

(4) that Tenant has accepted and occupied the Demised Premises;

(5) that it has no claim or offset against the other, or, if it does, stating the facts and circumstances giving rise to the claim or offset and stating the amount of the offset; and

(6) other matters as may be reasonably requested by the requesting party.

(b) Any certificate may be relied upon by any prospective purchaser of the Demised Premises and any prospective mortgagee or beneficiary under any deed to secure debt, deed of trust or mortgage encumbering the Demised Premises. If either party submits a completed certificate to the other party, and if such other party fails to object to its contents within thirty (30) days after its receipt of the completed certificate, the matters stated in the certificate will conclusively be deemed to be correct.

34. Miscellaneous.

(a) Governing Law. This Lease and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the State of Texas.

(b) Partial Invalidity. If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(c) Memorandum of Lease. Landlord and Tenant will at any time, at the

request of the other, promptly execute duplicate originals of an instrument, in recordable form, which will constitute a memorandum of this Lease, setting forth a description of the Demised Premises, the term of this Lease and any other portions hereof, excepting the rental provisions, as either party may reasonably request. Any and all recording costs required in connection with the recording of such memorandum of lease shall be paid by Tenant.

(d) Interpretation. Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The paragraph headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. The term "Landlord" whenever used herein shall mean only the owner at the time of Landlord's interest herein, and upon any sale or assignment of the interest of Landlord, its successors in interest and/or assigns shall, during the term of its ownership of its estate herein, be deemed to be Landlord. No provision of this Lease shall be construed against or interpreted to the disadvantage of either Landlord or Tenant by any court or

other governmental or judicial authority by reason of such party's having or being deemed to have structured, written, drafted or dictated such provision.

(e) Entire Agreement. No oral statement or prior written matter shall have any force or effect. Landlord and Tenant agree that they are not relying on any representations or agreements other than those contained in this Lease. This Lease shall not be modified except by a writing executed by Landlord and Tenant. This Lease contains the entire agreement between Landlord and Tenant and any agreement hereafter made between Landlord and Tenant shall be ineffective to change, modify, release or discharge the terms hereof in whole or in part, unless such agreement is in writing and signed by the party against which enforcement of such change, modification, waiver, release or discharge is sought.

(f) Parties. Except as herein otherwise expressly provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, successors, successors in title, administrators and assigns.

(g) Landlord and Tenant Relationship. No relationship as creditor and debtor, partner, associate or joint venturer between the parties is created or intended to be created by this Lease, the relationship between Landlord and Tenant to be solely that of landlord and tenant, nor shall this Lease be construed to authorize either Landlord or Tenant to act as agent for the other, except as expressly provided to the contrary in this Lease.

(h) Short Term Extension/Holdover Tenant.

(1) Provided no Event of Default has occurred and is continuing, and further provided that Landlord has not terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Tenant shall have the one-time-only right to extend the term of this Lease for a period not to exceed six (6) months by providing Landlord written notice thereof not less than nine (9) months prior to the scheduled expiration of the term of this Lease, which notice shall specify the number of months (not to exceed six) that the term is to be extended under this subparagraph. If Tenant exercises this right, Tenant shall pay Base Rent

during such extension period at the same time, but at 125% of the rates applicable during the last month of the scheduled term of this Lease, and Tenant's occupancy during such short term extension period shall otherwise be subject to all the terms and conditions of this Lease.

(2) Except as otherwise provided in Paragraph 34(h)(3) hereof, if Tenant remains in possession of the Demised Premises after the expiration or earlier termination of this Lease (taking into account any extension pursuant to subsection (1) above) without Landlord's express written consent (which consent may be granted or withheld in Landlord's sole discretion), Tenant shall be deemed a tenant from month to month at a Base Rent equal to 150% of the Base Rent which would have been in effect had this Lease not been terminated (or, if such holdover is beyond the expiration of the scheduled term of this Lease, at 150% of the rates applicable during the last month of the scheduled term of this Lease). There shall be no renewal of this Lease by operation of law. Landlord shall have the right to terminate such holdover by giving Tenant thirty (30) days' notice. Tenant shall be liable to Landlord for, and hereby agrees to indemnify and

hold Landlord and Landlord's partners and their respective affiliates, shareholders, directors, officers, employees, and agents free and harmless from and against, all losses, liabilities, obligations, fines, penalties, claims, litigation, causes of action, demands, defenses, costs, judgments, suits, proceedings, damages (including without limitation consequential damages), disbursements, or expenses of any kind (including without limitation attorneys' fees and court costs) arising out of or in connection with such holdover by Tenant.

(3) If Landlord terminates this Lease on account of an Event of Default (the natural expiration of the scheduled term of this Lease is not a termination on account of an Event of Default), or if Landlord terminates Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, and in either such event Tenant remains in possession of the Demised Premises after such termination, Tenant shall be deemed a tenant at sufferance at a Base Rent equal to twice the amount of Base Rent then in effect. There shall be no renewal of this Lease by operation of law.

(i) Time of Essence. Time is of the essence in this Lease. Whenever a day certain is provided for the payment of any sum of money or the performance of any act or thing, the precise time for performance enters into and becomes a part of the consideration for this Lease.

(j) No Merger. Landlord and Tenant intend that this Lease continue in effect and not be terminated or otherwise affected by the doctrine of merger of estates upon the ownership by the same person of both the reversion and the leasehold estate under this Lease, except as otherwise expressly stated by any such person or entity owning both estates in a written and recorded document.

(k) Assignment by Landlord. In the event of a sale, conveyance, or assignment by Landlord of Landlord's interest in the Demised Premises (other than a transfer for security purposes only) and an assumption by the transferee of all of Landlord's obligations hereunder arising after the date of such assignment, Landlord shall be relieved from and after the date specified in any such notice of transfer or assignment of all of Landlord's obligations and liabilities accruing thereafter on the part of Landlord, and Tenant agrees to look only to such assignee or transferee of Landlord's interest for the performance of such obligations and liabilities.

(l) Authority. Each of the persons executing this Lease on behalf of

Tenant warrant to Landlord that Tenant is a duly authorized and existing corporation, that Tenant is qualified to do business in the state in which the Demised Premises are located, that Tenant has full right and authority to enter into this Lease, and that each and every person signing on behalf of Tenant is authorized to do so. Upon Landlord's request, Tenant will provide evidence satisfactory to Landlord confirming these representations.

(m) Waiver of Jury Trial. Landlord and Tenant waive trial by jury in any action, proceeding, or counterclaim brought by either of them against the other on all matters arising out of this Lease or the use and occupancy of the Demised Premises (except claims for personal injury or property damage).

(n) Force Majeure. "Force Majeure" shall mean any strike, lockout, labor trouble, industrial disturbance, civil commotion, future order of any government, court or regulatory body claiming jurisdiction, war, riot, inability to secure materials, supplies or labor, fire or other casualty, Act of God, or any other cause or causes beyond the applicable party's reasonable control resulting in a party's inability to supply the services or perform the other obligations required of such party hereunder. If, as a result of Force Majeure, Landlord is delayed in performing any of its obligations under this Lease, Landlord's performance shall be excused for a period equal to such delay and Landlord shall not during such period be considered to be in default under this Lease with respect to the obligation, performance of which has thus been delayed. If, as a result of Force Majeure, Tenant is delayed in performing any of its obligations under this Lease, other than Tenant's obligation to pay Base Rent and all other charges and sums payable by Tenant hereunder, Tenant's performance shall be excused for a period equal to such delay and Tenant shall not during such period be considered to be in default under this Lease with respect to the obligation, performance of which has thus been delayed. Each party agrees to provide the other party written notice of Force Majeure delays promptly upon learning of such delays, and the failure of the claiming party to give the other party such written notice promptly upon the claiming party learning of such delay shall preclude the claiming party from claiming such Force Majeure delay; provided further, however, with respect to a continuing Force Majeure delay, the claiming party will be obligated to give notice to the other party promptly following the start of the Force Majeure delay and to provide the other party continuing updates throughout the period of the Force Majeure delay and to give the other party a final notice when the Force Majeure delay ceases. Notwithstanding the foregoing, unless specifically referenced therein, Force Majeure shall not extend specific time periods set forth in this Lease, including those pertaining to construction, restoration, or interruption of services. Without limiting the foregoing, Exhibit "C" contains a separate definition of Force Majeure that applies prior to Substantial Completion for purposes of Exhibit "C" instead of the definition of Force Majeure contained in this Paragraph 34(n).

(o) Building Name. Until such time as an Event of Default has occurred and is continuing, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof:

(i) The name of the Building shall be "Nissan Motor Acceptance Corporation Building" or such other name selected by Tenant; provided however that, upon not less than ninety (90) days' prior written notice from Tenant to Landlord, Tenant may change the name to such other name directly related to the business of Tenant in the Demised Premises as is designated by Tenant in such notice; further provided, however, that Tenant shall pay all costs and expenses arising out of or in any manner connected with such change.

(ii) Tenant shall have the exclusive right, subject to Landlord's

reasonable approval and subject to Tenant obtaining all necessary governmental approvals, to place Tenant's name and corporate logo on the Building and to construct a monument sign outside the Building; provided, however, that Tenant shall install and maintain all such signs and logos in accordance with all applicable laws, in a good and workmanlike manner, and in good order and repair. Tenant shall, at its sole

cost and expense, remove all such signs at the termination of this Lease, and shall restore, at its sole cost and expense, at the termination of this Lease, the affected portion of the Project to its condition prior to the installation of such signs.

(iii) Landlord agrees not to construct additional buildings on the Land without Tenant's consent, which consent may be granted or withheld in Tenant's sole discretion.

(iv) Landlord shall not name the Building, the Project or the Land, and shall not grant any exterior signage rights to any person or entity.

(p) Roof. In addition to the other rights granted by this Agreement, Tenant shall have the exclusive right (non-exclusive upon the happening of any one or more of the following: an Event of Default has occurred and is continuing, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof), but not the obligation, for the duration of the term of this Lease, (a) to install, maintain and operate on the roof of the Building (the "Roof") one or more satellite dishes and related communications equipment, for transmission and reception of communications (including but not limited to data and voice), and related plenum-rated cabling (collectively, "Antenna"), and (b) to install, maintain and operate on the Roof supplemental HVAC equipment, and related plenum-rated cabling (collectively, "Supplemental Equipment"). The locations for the Antenna and the Supplemental Equipment shall be subject to Landlord's approval, which approval Landlord agrees not to unreasonably withhold, condition or delay. Tenant must obtain the prior approval of Landlord of the type and size of the Antenna (the Antenna may not exceed five feet in diameter) and Supplemental Equipment, of the plans and specifications for the connections to the Demised Premises, and of the plans for the installation (including without limitation screening) of the Antenna and Supplemental Equipment, which approvals Landlord agrees not to unreasonably withhold, condition or delay. All costs of installation, upgrading, maintenance, security and removal (Tenant shall always have the right to remove the Antenna and Supplemental Equipment; Landlord may require that Tenant remove all or any portion of the Antenna and the Supplemental Equipment upon expiration or termination of this Lease) and any required repairs to the Building due to the installation or removal of the Antenna or the Supplemental Equipment, shall be paid by Tenant. If an Event of Default has occurred under this Lease or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Tenant's right to install the Antenna and Supplemental Equipment pursuant to this provision shall be non-exclusive and in such event Landlord may use any other portion of the Roof for its own communication equipment or may allow other tenants or third parties to use any other portion of the Roof, so long as such other equipment does not interfere with the operation of Tenant's Antenna and Supplemental Equipment. If Tenant's rights hereunder become non-exclusive, the Antenna and Supplemental Equipment shall not interfere with the operation of any other telecommunication equipment existing on the Roof or elsewhere in the Project (or any telecommunication equipment planned for installation on the Roof or elsewhere in the Project) at the time the Antenna or Supplemental Equipment, as the case may be, is installed, so long as Landlord provides Tenant with a description of the type, location and function of such existing or planned equipment at the time of Tenant's request for approval of the Antenna or Supplemental Equipment. Tenant shall not take any action which would void or otherwise impair the effectiveness of Landlord's roof warranty. Subject to the waivers contained

in this Lease, and except to the extent caused by the negligence or willful misconduct of Landlord, its employees, agents, contractors or licensees, Tenant hereby indemnifies Landlord from all claims, damages, costs and expenses arising out of the installation, maintenance, use or removal of the Antenna or Supplemental Equipment by Tenant. Tenant hereby waives any and all claims against Landlord arising out of damage, destruction or theft of the Antenna or Supplemental Equipment or any portion thereof, regardless of the cause (other than the negligence or willful misconduct of Landlord, its employees, agents, contractors or licensees). Tenant may also use the risers, conduits and towers in the Building, subject to reasonable space limitations and Landlord's reasonable requirements for use of such areas and subject to Landlord's prior approval of the installation and exact location thereof (which approval Landlord agrees not to unreasonably withhold, condition or delay), for purposes of installing cabling from the Antenna to the Demised Premises in the interior of the Building or installing piping from the Supplemental Equipment to the Demised Premises in the interior of the Building. Landlord shall not charge Tenant any rent with respect to the Antenna or Supplemental Equipment. Landlord reserves the right to require Tenant, at Tenant's sole cost, to relocate the Antenna or Supplemental Equipment temporarily to a location, as regards the Antenna, providing Tenant comparable reception and transmission capabilities if necessary in connection with repairs, replacement, alterations or improvements to the Roof.

(q) Guaranty and Comfort Letter. Contemporaneously with the execution of this Lease, Tenant shall deliver or cause to be delivered to Landlord a Guaranty of this Lease (the "Parent Company Guaranty") from Nissan North America, Inc. (the "Guarantor"), a California corporation, in the form attached hereto as Exhibit "H" and by reference made a part hereof. In addition, prior to the execution of this Lease, Tenant delivered to Landlord a comfort letter dated July 18, 2001, related to the current financial condition of both Guarantor and Tenant. Commencing in the year 2002, and continuing each calendar year thereafter during the term of this Lease, on or before the date not more than ninety (90) days following the end of Tenant's fiscal year, Tenant shall deliver to Landlord an updated comfort letter with respect to the then current financial condition of both Guarantor and Tenant, in substantially the same form as is attached hereto as Exhibit "I" and by reference made a part hereof.

(r) Parking. Parking for the Demised Premises shall be constructed in accordance with Exhibit "C". Until such time as an Event of Default has occurred, or Landlord has terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, (i) Tenant shall have the exclusive right to use the parking spaces provided pursuant to Exhibit "C" located on the Land (the "Tenant Parking Spaces") throughout the term of this Lease at no charge; (ii) Landlord shall not use any Tenant Parking Spaces (other than temporarily for a de minimis number of spaces in connection with the exercise of Landlord's rights and obligations under this Lease) and shall not grant to any other party the right to use any Tenant Parking Spaces; and (iii) Tenant shall have the right from time to time and at any time to designate all or any portion of the Tenant Parking Spaces as reserved or visitor parking.

(s) Municipal Incentives. Landlord agrees to cooperate with Tenant (but the same shall not require the expenditure of more than nominal amounts of money by Landlord) in Tenant's efforts to obtain all tax and other incentives available from any and all city, county, state, school or other applicable municipalities or jurisdictions in connection with Tenant's

business conducted from the Demised Premises. All such incentives and benefits received by Tenant shall inure to the benefit of Tenant.

(t) Limited Offset Right.

(1) The occurrence of the following constitutes an "Event of Default" by Landlord under this Lease: failure by Landlord to observe or perform any covenant, agreement, condition or provision of this Lease, if such failure shall continue for thirty (30) days after receipt of written notice from Tenant to Landlord (and each mortgagee of Landlord the address for which Landlord has provided in a written notice to Tenant) specifying such failure, provided, however, if such default is of a nature that it can be cured and if Landlord or any mortgagee of Landlord in good faith commences to cure such default within such thirty (30) day cure period, but due to the nature of such default it could not be cured within such cure period after due diligence, no Event of Default shall be deemed to have occurred at the end of the cure period if Landlord or such mortgagee is then diligently pursuing such cure to completion, and completes such cure within ninety (90) days after such thirty (30)-day period.

(2) Notwithstanding anything to the contrary set forth hereinabove, if the event such failure by Landlord results in what Tenant, in good faith, believes to be an emergency condition posing imminent danger of bodily injury to persons or physical damage to tangible property, Tenant may, without following the prior notice procedure set forth hereinabove, take the minimum action necessary, in Tenant's reasonable opinion, to remedy the emergency condition so long as such action by Tenant does not adversely affect the systems or structure of the Project. Promptly following the completion of the action Tenant deems reasonably necessary, Tenant must provide notice to Landlord (and each mortgagee of Landlord the address for which Landlord has provided in a written notice to Tenant) describing Landlord's alleged failure and the action taken by Tenant and including without limitation written evidence of the costs and expenses incurred by Tenant for which Tenant claims reimbursement.

(3) If an Event of Default by Landlord occurs, Tenant shall have the right, in addition to other remedies available at law or in equity, but not the obligation, to spend any monies to cure such Event of Default so long as such action by Tenant does not adversely affect the systems or structure of the Project.

(4) If an Event of Default by Landlord occurs and Tenant exercises Tenant's right to cure under this Paragraph 34(t), Tenant shall have the right to invoice Landlord (with a duplicate copy to each mortgagee of Landlord the address for which Landlord has provided in a written notice to Tenant) the cost and expenses incurred by Tenant in connection with curing such Event of Default, and Landlord shall reimburse Tenant within thirty (30) days following receipt of such invoice. If (A) Landlord shall fail to reimburse Tenant for such cost and expenses within such thirty (30) day period, (B) Tenant obtains in a court of competent jurisdiction a final nonappealable judgment against Landlord for such costs (provided that Tenant simultaneously with the giving, sending or serving of the same on or to Landlord provides each mortgagee of Landlord, the address for which Landlord has provided in a written notice to Tenant, duplicate

copies of the complaint, all notices, pleadings and other matters served upon or delivered to Landlord in connection with obtaining such judgment, and sends each such mortgagee a copy of the final judgment at least thirty (30) days prior to commencing any offset), and (C) Landlord shall fail to reimburse Tenant for such cost and expenses within thirty (30) days after the later of the date such judgment is final or the date a copy of such final judgment was sent to each such mortgagee, then, in such event, Tenant shall have the right to deduct such costs and expenses from Base Rent

thereafter due hereunder, provided, however, that in no event shall the amount deducted from any installment of Base Rent exceed an amount equal to twenty five percent (25%) of the amount of such installment of Base Rent prior to such deduction. For the purposes of this Lease, such judgment shall be deemed to be "final" at such time as the judgment has been granted by the court and any and all appeal periods, as provided by law, with respect thereto have expired with no appeal having been filed; or if filed, rejected or terminated finally and conclusively in favor of the Tenant. Each mortgagee of Landlord shall have the right, but not the obligation, to reimburse Tenant any amounts due to be reimbursed by Landlord to Tenant as set forth above and Tenant shall accept any such reimbursement in satisfaction of Landlord's reimbursement obligations hereunder.

(u) Consents and Approvals. Unless the applicable provision provides otherwise (such as, but not limited to, by providing that consent may be granted or withheld in a party's sole discretion, or by specifying a different time period), whenever this Lease provides for the consent or approval of Landlord or Tenant, such party shall not unreasonably withhold, condition or delay such consent, and the responding party shall have thirty (30) days to respond.

(v) Confidentiality. Landlord and Tenant agree that the terms and conditions of this Lease, as well as any prior negotiations between Landlord and Tenant with respect to this Lease, shall be treated as confidential, except in any litigation or proceeding between the parties and, except further, that either party may disclose such information to prospective purchasers, to prospective or existing lenders, to prospective or existing investors, to prospective or existing assignees or sublessees, to any affiliates, to any attorney, accountant, auditor or other licensed professional consultant to the disclosing party, to any state, federal or local governmental authority, department, board, commission, court, officer or agency (including, but not limited to, the Internal Revenue Service) or pursuant to any subpoena or judicial process. This duty of confidentiality does not apply to information: (1) lawfully within a party's possession prior to the negotiations leading to this Lease; (2) that is voluntarily disclosed to the public by a third-party that does not breach any obligation it has not to reveal such information; (3) is voluntarily disclosed to the public by the other party, or such party's affiliates, or contractors; or (4) is generally known to the public. Landlord and Tenant agree not to unreasonably withhold consent to any public announcement or press release concerning this transaction.

(w) Landlord's Lien. Landlord hereby waives, releases and negates any and all contractual liens and security interests, statutory liens and security interests and/or any and all other liens and security interests arising by operation of law or otherwise to which Landlord might now or hereafter be entitled upon all equipment, furnishings, furniture, supplies, inventory or other personal property which Tenant may place (or cause or permit to be placed on its behalf) in or upon the Demised Premises. So long as Landlord has not terminated Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Tenant may remove

its property from the Demised Premises at any time during the term of this Lease without Landlord's consent. In the event Landlord terminates Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Tenant may remove its property from the Demised Premises during the period ending on the day ten (10) days following such termination.

(x) Landlord Alterations. Except for alterations required by law to the extent such alterations are Landlord's responsibility under this Lease, and except to the extent permitted pursuant to Exhibit "C", until such time as an Event of Default has occurred and is continuing, or Landlord has terminated

Tenant's right to possession of the Demised Premises pursuant to Paragraph 26(b)(ii) hereof, Landlord will not make any alterations to the Project without Tenant's consent, which consent, except as expressly provided otherwise in this Lease with respect to specific matters (such as, without limitation, signs in Paragraph 39), may be granted or withheld in Tenant's sole discretion.

(y) Counterparts. This Lease may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement. The executed signature pages of any counterpart hereof may be appended or attached to any other counterpart hereof; and, provided that all parties hereto shall have executed a counterpart hereof, this Lease shall be valid and binding upon the parties notwithstanding the fact that the execution of all parties may not be reflected upon any one single counterpart.

IN WITNESS WHEREOF, the parties hereto have executed and sealed this Lease on the day, month and year first above written.

"TENANT":

NISSAN MOTOR ACCEPTANCE CORPORATION, a California corporation

Witness:

_____

By: /s/ Katsumi Ishii

Name: Katsumi Ishii

Its: President

_____

Attest:_____

Name:_____

Its:_____

(CORPORATE SEAL)

"LANDLORD":

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

Witness:

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

/s/ John W. Griffin

By: /s/ Leo F. Wells III

Name: Leo F. Wells III

/s/ Martha Jean Cory

Title: President

_____

EXHIBIT "A"

LAND

BEING a tract of land situated in the CORDELIA BOWEN SURVEY, ABSTRACT NO. 56, DALLAS County, Texas, and being all of Lot 7, Block C of DFW FREEPORT, 12TH

INSTALLMENT, an Addition to the City of Irving, Texas, recorded in Volume 86246, Page 317, Deed Records of DALLAS County, Texas, said tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with "Halff Assoc., Inc" cap (hereafter referred to as "with cap") found for corner at the North end of a right of way corner clip at the intersection of the Northeast right of way line of Esters Boulevard (80 foot right of way) and the Southeast right of way line of Freeport Parkway (100 foot right of way);

THENCE North 54 degrees 19 minutes 10 seconds East, with said Southeast right of way line of Freeport Parkway, a distance of 57.16 feet to a 1/2 inch iron rod with cap found at the beginning of a curve to the left having a radius of 880.59 feet;

THENCE in a Northerly direction, continuing with said Southeast right of way line and along said curve to the left, through a central angle of 44 degrees 00 minutes 00 seconds, an arc distance of 676.24 feet to a 1/2 inch iron rod with cap found for corner;

THENCE North 10 degrees 19 minutes 10 seconds East, continuing along said right of way line, a distance of 87.55 feet to a 1/2 inch iron rod with cap found for corner, said point being the Southeast end of a right of way corner clip at the intersection of said Southeast right of way line of Freeport Parkway and the Southwest right of way line of Regent Boulevard (100 foot right of way);

THENCE North 55 degrees 19 minutes 10 seconds East, along said right of way corner clip, a distance of 25.00 feet to a 1/2 inch iron rod with cap found for corner on said Southwest line of Regent Boulevard;

THENCE South 79 degrees 40 minutes 50 seconds East, along said Southwest right of way, a distance of 402.27 feet to a 1/2 inch iron rod with cap found at the beginning of a curve to the right having a radius of 549.97 feet;

THENCE in a Southeasterly direction, continuing with said Southwest right of way line, along said curve to the right, through a central angle of 43 degrees 56 minutes 10 seconds, an arc distance of 421.73 feet to a 1/2 inch iron rod with cap found at the end of said curve;

THENCE, South 35 degrees 44 minutes 40 seconds East, continuing with said Southwest right of way line, a distance of 88.38 feet to a 1/2 inch iron rod with cap found for corner, said point being the Northern most corner of Lot 6, Block C of said 12th Installment;

THENCE South 54 degrees 19 minutes 10 seconds West, departing said Southwest right of way line and along the Northwesterly line of said Lot 6, passing at a distance of 820.00 feet the Western most corner of Lot 6, also being the Northern most corner of Lot 9B, Block C, DFW Freeport, 12th Installment Revision, an Addition to the City of Irving, Texas, recorded in Volume 94036, Page 4168, Deed Records, DALLAS County, Texas, and continuing along the Northwesterly line of said Lot 9B, in all a distance of 1208.41 feet to an "X" cut in concrete set on said Northeast right of way line of Esters Boulevard;

THENCE North 35 degrees 40 minutes 50 seconds West, with said Northeast right of way line, a distance of 433.97 feet to a 1/2 inch iron rod with cap found at the South end of the aforementioned corner clip at the intersection of Esters Boulevard and Freeport Parkway;

THENCE North 09 degrees 19 minutes 10 seconds East, with said right of way corner clip, a distance of 25.00 feet to the POINT OF BEGINNING and CONTAINING 647,857 square feet or 14.873 acres of land, more or less.

EXHIBIT 10.96

GUARANTY OF LEASE FOR THE NISSAN PROPERTY

GUARANTY OF LEASE

THIS GUARANTY OF LEASE ("Guaranty") is made as of this 19/TH/ day of September, 2001 by NISSAN NORTH AMERICA, INC., a California corporation ("Guarantor"), to and for the benefit of WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Landlord").

W I T N E S S E T H:

For value received and in order to induce Landlord to execute that certain lease ("Lease") dated September 19, 2001 by and between Landlord and Nissan Motor Acceptance Corporation, a California corporation, as tenant ("Tenant"), Guarantor hereby agrees to the following:

1. Guarantor unconditionally guarantees the payment when due of all payment obligations (including, but not limited to, payment of rent) imposed upon Tenant under the terms of the Lease, when and as the same shall become due thereunder, and the payment of all costs and expenses incurred by Landlord arising out of or in connection with Tenant's failure to fulfill non-monetary obligations imposed upon Tenant under the terms of the Lease.. This Guaranty is a guaranty of payment (not of collection).

2. Guarantor agrees that Landlord shall not be first required to enforce against Tenant or any other person any obligation guaranteed hereby before seeking enforcement thereof against Guarantor. Suit may be brought and maintained against Guarantor by Landlord to enforce any obligation guaranteed hereby without joinder of Tenant or any other person. Guarantor's liability hereunder shall not be affected by any termination of the Lease.

3. This Guaranty shall be enforceable against Guarantor without the necessity of any suit or proceeding on Landlord's part of any kind or nature whatsoever against Tenant and without the necessity of any notice of non-payment, non-performance or non-observance or of any notice of acceptance of this Guaranty or of any other notice or demand to which Guarantor might otherwise be entitled other than as provided herein, all of which Guarantor hereby expressly waives.

4. Except for the exercise of the options to extend the term of the Lease set forth in Paragraph 4 of the Lease, the liability of the Guarantor under this Guaranty shall not be increased, extended or otherwise adversely affected by any amendment, modification, waiver or any change in the Lease that is made without the written consent of the Guarantor and which would have the effect of increasing or extending the obligations of Tenant or otherwise changing such obligations in a way that would be adverse to Tenant or the Guarantor.

5. The liability of Guarantor hereunder is absolute and unconditional and shall in no way be affected by (a) the release or discharge of Tenant in any creditors, receivership, bankruptcy, or other proceedings; (b) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy or of any remedy for the enforcement of Tenant's liability under the Lease, resulting from the operation of any present or future provisions of the United States Bankruptcy Code or other statute or from the decision in any court; (c) the

rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Tenant to any subsidiary or affiliate of Guarantor; (e) any disability or other defense of Tenant other than the defense

of payment and the rights of set off, abatement and credit expressly set forth in the Lease; (f) the assertion or the failure to assert by Landlord against Tenant of any of the rights or remedies reserved by Landlord pursuant to the terms, covenants and conditions of the Lease, or (g) any non-liability of Tenant under the Lease due to any other defect or defense which may now or hereafter exist in favor of Tenant except for the rights of set off, abatement and credit expressly set forth in the Lease. The liability of Guarantor hereunder shall in no way be affected, modified or diminished by reason of any bankruptcy, insolvency, reorganization, liquidation, arrangement, assignment for the benefit of creditors, receivership, trusteeship or similar proceeding affecting Tenant, whether or not notice thereof is given to Guarantor.

6. Until all the covenants and conditions in the Lease on Tenant's part to be performed and observed are fully performed and observed, Guarantor (a) shall have no right of subrogation against Tenant by reason of any payments by Guarantor in compliance with the obligations of Guarantor hereunder; and (b) waives any right to enforce any remedy which Guarantor now or hereafter shall have against Tenant by reason of any one or more payments made by Guarantor to Landlord in compliance with the obligations of Guarantor hereunder.

7. This Guaranty shall be binding upon Guarantor and the successors and assigns of Guarantor, and shall inure to the benefit of Landlord and its successors and assigns.

8. This Guaranty shall be governed by the laws of the State of Texas.

9. The Guarantor acknowledges that it will benefit by Tenant entering into the Lease with Landlord.

10. Should Landlord be obligated by any bankruptcy or other law to repay to Tenant or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid, this Guaranty shall be reinstated in the amount of such repayments. Landlord shall not be required to litigate or otherwise dispute its obligations to make such repayments if it in good faith believes that such obligation exists.

IN WITNESS WHEREOF, Guarantor has executed this instrument in the day and year first above written.

NISSAN NORTH AMERICA, INC.

By: /s/ James C. Morton, Jr.

Name: James C. Morton, Jr.

Title: Senior Vice President, Admistration and Finance

Address for Notices:

Nissan North America, Inc.
Attn: Ted Maslin, Corporate Manager, Real Estate and Facilities
330 West Victoria Street
Gardena, California 90248
FAX: 310-771-6084
E-Mail: ted.maslin@nissan-usa.com

with a copy to:

Nissan North America, Inc.
Attn: Legal Department
990 West 190/th/ Street

Torrance, California 90502
FAX: 310-515-6750
E-Mail: sue.derian@nissan-usa.com

Federal Identification Number:
95-2108010

SECRETARY'S CERTIFICATE

The undersigned hereby certifies that she is the Assistant Secretary of Guarantor, and as such has knowledge of the facts stated in this Certificate, that the foregoing Guaranty was executed and delivered by Guarantor pursuant to due authorization of the Board of Directors of Guarantor, and that the officers of the corporation who signed the Guaranty on behalf of the corporation were the then incumbents of the offices set forth under their respective names, and as such officers were duly authorized to execute said Guaranty on behalf of the Guarantor.

DATED this 19/TH/ day of September, 2001.

/s/ Susan M. Derian

Assistant Secretary

EXHIBIT 10.97

DEVELOPMENT AGREEMENT FOR THE NISSAN PROPERTY

DEVELOPMENT AGREEMENT

BETWEEN

WELLS OPERATING PARTNERSHIP, L.P.
Owner

AND

CHAMPION PARTNERS, LTD.
Developer

September 19, 2001

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Exhibit "B" Development Budget
Exhibit "C" Insurance Requirements

Exhibit "D" Reimbursable Expenditures Relating to Project
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Exhibit "F" Total Project Cost Defined
Exhibit "G" Lien Waiver and Claim Waiver Forms
Exhibit "H" Actions of Developer Ratified by Owner
Exhibit "I" Nissan Lease Takeover and Land Purchase

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made and entered into this 19 day of September, 2001, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (hereinafter referred to as the "Owner"), and CHAMPION PARTNERS, LTD., a Texas limited partnership (hereinafter referred to as the "Developer").

W I T N E S S E T H:

WHEREAS, the Owner owns or has the contractual right to acquire a certain parcel of land located in the Freeport Business Park in the City of Irving, Dallas County, Texas, on which the Owner proposes to develop and construct an office building with related parking, landscaping and other site work pursuant to plans and specifications prepared and to be prepared by HKS, Inc.; and

WHEREAS, the Owner desires to engage the Developer as an independent contractor, upon the terms and conditions set forth herein, to supervise and to manage the development and construction of such building and other improvements and to lease space in such building to Nissan; and

WHEREAS, the Developer desires to perform such services for the Owner in consideration of the compensation set forth herein.

NOW, THEREFORE, for and in consideration of the premises, the sum of Ten Dollars ($10.00) in hand paid by each party to the other, and the mutual promises, obligations and agreements contained herein, the Owner and the Developer, intending to be, and being, legally bound, do hereby agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, each of the following terms shall, when used herein with an initial capital letter, have the meaning hereinbelow set forth.

Agreement. The term "Agreement" means this Development Agreement, together with all amendments hereto and all exhibits attached hereto.

Architect. The term "Architect" means the architectural firm of HKS, Inc. and any other firm employed by the Owner as an architect with respect to the Project.

Architect's Agreement. The term "Architect's Agreement" means the agreement(s) between the Owner and the Architect under which the Architect has been or shall be engaged to prepare architectural designs, plans, drawings and specifications for the Project and to render

other services in connection with the design and construction of the Project. The Architect's Agreement is incorporated herein by this reference.

Building. The term "Building" means a first-class, single tenant, three-story office building, containing approximately 268,290 gross square feet, which the Owner intends to develop and construct upon the Land.

Capitalized Rent Amount. The term "Capitalized Rent Amount" is defined in Section 5.4 hereof.

CC&R. The term "CC&R" is defined in Section 4.5.10 hereof.

Communication System Plan. The term "Communication System Plan" is defined in Section 4.5.4 hereof.

Completion Date. The term "Completion Date" means the first day on which all of the following have occurred: (i) the construction and equipping of the Project has been substantially completed in accordance with Architect's plans and specifications (inclusive of landscaping plans, to the extent that landscaping can feasibly be installed due to the season), as evidenced by a certificate to such effect from the Architect, (ii) appropriate certificates of occupancy or their equivalent have been issued by the appropriate governmental authority with respect to the core and shell portion of the Building and with respect to the space in the Building to be occupied by Nissan, (iii) the Rent Commencement Date under the Nissan Lease has occurred and either Nissan is actually paying Base Rent under the Nissan Lease or Base Rent is then due and payable but Nissan is effectuating a credit against Base Rent under Paragraphs 2 or 7 of Exhibit "C" attached to the Nissan Lease or under Exhibit "D" attached to the Nissan Lease, and (iv) Nissan has executed and delivered to the "Landlord" under the Nissan Lease an estoppel certificate substantially in the form attached hereto as Exhibit "E" and by reference made a part hereof.

Construction Agreement. The term "Construction Agreement" means, collectively, the construction contract between the Owner and the Contractor with respect to the Project and such other construction or employment agreements as may be hereafter entered into by the Owner and a general contractor or special purpose contractor with respect to the performance of work or the providing of services to the Project. The Construction Agreement is incorporated herein by this reference.

Construction Documents. The term "Construction Documents" means, collectively, the Architect's plans and specifications for the Project, the Construction Agreement, the Architect's Agreement, and the agreements between Owner and the other Owner Consultants.

Contractor. The term "Contractor" means, collectively, Thos. S. Byrne Inc. and all other firms employed by the Owner as a general contractor or as a special purpose contractor with respect to the Project; and singly any such general or special purpose contractor.

Contractor CPM Schedule. The term "Contractor CPM Schedule" is defined in Section 4.4.11 hereof.

Developer. The term "Developer" means Champion Partners, Ltd., a Texas limited partnership.

Development Budget. The term "Development Budget" means the budget, a copy of which is attached hereto and made a part hereof as Exhibit "B", which sets forth the Developer's best estimate of all expenses to be incurred with respect to the acquisition of the Land, the planning, design, development, construction and completion of the Project, including the Tenant Improvements for Nissan.

Development Fee. The term "Development Fee" means the fee to be paid to the Developer by the Owner as provided in Section 11.2 hereof.

Development Functions. The term "Development Functions" means those functions of the Developer set forth in Section 4.2 of this Agreement.

Development Period. The term "Development Period" means the period commencing on the date of this Agreement and terminating on the date which is three (3) months after the Completion Date.

Event of Default. The term "Event of Default" means any one or more of the events described in Section 13.1 of this Agreement.

Land. The term "Land" means that certain parcel of land containing approximately 14.873 acres located in the Freeport Business Park in the City of Irving, Dallas County, Texas, as more particularly shown or described on Exhibit "A" attached hereto and by this reference made a part hereof.

Leasing Fee. The term "Leasing Fee" means the fee to be paid to the Developer by the Owner as provided in Section 11.3 hereof.

Memorandum. The term "Memorandum" is defined in Exhibit "I" attached hereto and by reference made a part hereof.

Monthly Report. The term "Monthly Report" means the report to be prepared by the Developer and submitted to the Owner on a monthly basis as provided in Section 7.2 hereof.

Nissan. The term "Nissan" means Nissan Motor Acceptance Corporation, a California corporation.

Nissan Lease. The term "Nissan Lease" means the Lease Agreement between Owner and Nissan dated September __, 2001.

Owner. The term "Owner" means Wells Operating Partnership, L.P., a Delaware limited partnership.

Owner Consultant. The term "Owner Consultant" is defined in Section 4.2.3 hereof.

Project. The term "Project" means the Land, the Building, the Site Improvements, and the Tenant Improvements, collectively.

Project Requirements. The term "Project Requirements" is defined in Section 4.2.4 hereof.

Project Schedule. The term "Project Schedule" is defined in Section 4.2.5 hereof.

QAC Plan. The term "QAC Plan" is defined in Section 4.4.6 hereof.

Rent Commencement Date. The term "Rent Commencement Date" means the "Rent Commencement Date" under the Nissan Lease, which is the date that full Base Rent shall commence to be due and payable under the Nissan Lease.

Reserve Account. The term "Reserve Account" is defined in Exhibit "I" attached hereto.

Safety Plan. The term "Safety Plan" is defined in Section 4.4.8 hereof.

Site Improvements. The term "Site Improvements" means the surface level parking facilities, sufficient to accommodate approximately 1,056 automobiles on-site, any and all on and off-site road improvements, walkways, complete utilities and drainage systems, landscaping work, exterior lighting, ground-mounted signs and other site improvements which the Owner intends to develop and construct upon the Land.

Tenant Improvements. The term "Tenant Improvements" means the tenant improvements required to be installed or constructed by the "Landlord" under the Nissan Lease.

Tenant Occupancy Fee. The term "Tenant Occupancy Fee" means the fee to be paid to the Developer by the Owner as provided in Section 11.4 hereof.

Total Lease Takeover Net Costs. The term "Total Lease Takeover Net Costs" is defined in Exhibit "I" attached hereto.

Total Project Costs. The term "Total Project Costs" is defined in Exhibit "F" attached hereto and by reference made a part hereof.

ARTICLE 2
ENGAGEMENT OF THE DEVELOPER

2.1 Engagement. The Owner hereby engages the Developer as the exclusive development manager of the Project to supervise, to manage, and to coordinate the planning, design, construction, and completion of the Project, all in accordance with the terms, conditions and limitations herein set forth. The Developer hereby accepts such engagement and hereby

agrees to diligently use commercially reasonable efforts in the performance of its duties and the Development Functions hereunder, which performance in all

respects and at all times shall be carried out to the same extent and with the same degree of care and quality as the Developer would exercise in the conduct of its own affairs if the Developer were the owner of the Project. The Developer agrees to apply prudent and reasonable business practices in the performance of its duties hereunder and shall exercise that degree of skill, competence, quality and professional care rendered by the leading and most reputable companies performing the same or similar type services for first-class quality office projects in the metropolitan Dallas, Texas, area. The Developer will not subcontract any of its services to any other entity or person without first obtaining Owner's prior written consent.

2.2 Relationship. With respect to the Owner, the Developer shall at all times be an independent contractor. No provision hereof shall be construed to constitute the Developer or any of its officers or employees as an employee or employees of the Owner nor shall any provision of this Agreement be construed as creating a partnership or joint venture between the Developer and the Owner. Neither the Owner nor the Developer shall have the power to bind the other party except pursuant to the terms of this Agreement. Developer agrees to conform its general policies and procedures to any commercially reasonable requirements of any lender providing construction financing for the acquisition and construction of the Project. In addition, if Owner disapproves of any of the general policies and procedures of the Developer with respect to the Project and shall have so notified the Developer, the Developer shall conform its general policies and procedures with respect to the Project to those requested by the Owner insofar as such policies may be consistent with the terms and provisions of this Agreement and do not create additional expense to the Developer.

ARTICLE 3
TERM OF AGREEMENT

The engagement of the Developer hereunder shall commence on the date on which this Agreement is executed and shall end on the date which is three (3) months from and after the Completion Date (except for the terms of Exhibit "I" attached hereto, which shall end on the date which is eighteen (18) months from and after the Completion Date); provided, however, if any remedial work to be performed by the Contractor following the completion of the Project has not been completed, the term of this Agreement shall be extended until the date on which any remedial work required to be performed by the Contractor following completion of the Project shall be so performed and accepted by the Owner.

ARTICLE 4
RESPONSIBILITIES OF THE DEVELOPER

4.1 General Responsibility. The Developer's general responsibility hereunder as the Owner's development manager shall be to manage, supervise, and coordinate the planning, design, construction, and completion of the Project. Such general responsibility of Developer,

together with the other responsibilities of Developer set forth in Sections 4.2 through 4.5 below, are herein collectively referred to as the "Development Functions".

4.2 Pre-Development Phase. During the Pre-Development Phase of the Project (which shall include, but not be limited to, the Pre-Design, Pre-Construction, Negotiation and Schematic Design Phases of the Architect's services), Developer's responsibilities shall include the following:

4.2.1 The Developer has prepared the Development Budget.

4.2.2 The Developer and Owner shall negotiate the Architect's Agreement, and such Architect's Agreement either will be executed by Developer as "Owner" thereunder and then assigned by Developer to Owner or will be submitted to Owner for execution by Owner. Owner may elect to thereafter assign the Architect's Agreement to the Contractor.

4.2.3 The Developer shall recommend to Owner engineering, interior design and other specialists and consultants for the Project, shall coordinate the process for the selection and/or approval by Owner of such specialists and consultants for the Project, shall review and analyze proposals from such specialists and consultants, and, following written approval thereof by Owner, shall negotiate (on terms consistent with and within limitations of the Development Budget), review and evaluate proposed contracts between Owner and such specialists and consultants or between Architect and such specialists and consultants (it being the current intention of Owner that Architect will engage directly the MEP engineer, structural engineer, landscape architect, and civil engineer). The contracts with such specialists and consultants (other than those engaged directly by the Architect) either will be entered into by Developer as "Owner" thereunder and then assigned by Developer to Owner or will be submitted to Owner for execution by Owner. Once Owner has accepted an assignment of a contract with a specialist or consultant or entered into a contract with a specialist or consultant, such specialist or consultant (including the Architect) shall be referred to as an "Owner Consultant".

4.2.4 The Developer shall assist Owner in establishing and developing the Project's design criteria and Project requirements and, upon approval by Owner in writing, such approved criteria shall form the basis upon which the design of the Project shall be measured. Such approved design criteria and Project requirements shall be referred to as the "Project Requirements".

4.2.5 The Developer shall establish and develop a critical-path-method schedule for the Project for Owner's written approval. Once approved by Owner, such schedule shall be referred to as the "Project Schedule". The Project Schedule shall show the start and finish dates and schedule for the planning, design, materials and equipment procurement and the construction of the Project, and shall show all critical milestone dates. The Project Schedule shall be consistent with the dates for substantial completion and final completion of the Project contained in the Nissan Lease. Subject to the notice and cure provisions under Section 13.1 of this Agreement, failure of Developer to comply

in all material respects with its scheduling obligations set forth in this Agreement may be deemed to be a default under this Agreement entitling Owner to terminate Developer for cause under Section 13.1 hereof, unless such failure is due to force majeure. No delay in the planning, construction or completion of the Project or of the Rent Commencement Date under the Nissan Lease which is caused by force majeure shall affect or reduce the calculation of Total Project Costs.

4.2.6 The Developer shall initiate and monitor the preparation by Owner Consultants of boundary and topographic surveys of the Land or applicable portions thereof.

4.2.7 The Developer shall initiate and monitor the preparation by Owner Consultants of site plans showing the location of roads, utilities, buildings, parking areas and other improvements to be constructed in connection with the Project.

4.2.8 The Developer shall initiate and monitor the preparation by Owner Consultants of preliminary drawings, specifications and other

documents (including, but not limited to, the preliminary drawings, specifications and other documents produced by the Architect or its consultants during the Pre-Design Phase or Schematic Design Document Phase) in accordance with the approved Project Requirements.

4.2.9 If requested by Owner, the Developer shall arrange for and identify potential specialists and consultants to prepare environmental Phase I reports with respect to the Land, and Developer shall consult with Owner and the selected Owner Consultants as to such other environmental reports as may be deemed necessary or desirable to ascertain what, if any, environmental risks or liabilities may exist with respect to the Land.

4.2.10 The Developer shall arrange for and identify potential specialists and consultants for Owner's written approval to perform soil testing on the Land and upon which the foundations and substructure of the Project will be located to determine if the soil is suitable for the construction of the Project and to determine the likelihood of excessive expenses which may be required for excavation and soil work on the Project.

4.2.11 The Developer shall initiate and monitor the preparation of geotechnical, architectural, engineering and other studies necessary for the development of the Project with the Architect and other Owner Consultants.

4.2.12 Developer shall advise Owner with respect to any traffic planning issues, historic preservation issues, and aesthetic issues.

4.2.13 The Developer shall coordinate the acquisition by the Owner of the Land.

4.2.14 The Developer shall provide cost evaluations of alternatives to the Project Requirements, including, without limitation, use of materials, equipment, systems, and

construction methods that could result in lower costs due to greater energy efficiency, longer life, lower maintenance and ease of operation.

4.3 Design Development Phase. During the Design Development Phase of the Project, which shall include, but not be limited to, the Design Development and Construction Document phases of the Architect's services, Developer shall coordinate with Owner and with the Contractor, the Architect and the other Owner Consultants to obtain Design Development Documents (including appropriate materials, mock-ups, color samples and sample interior finish boards) acceptable to Owner and Nissan, and Developer's responsibilities will include the following:

4.3.1 The Developer shall review design drawings and specifications, including, without limitation, design development documents and construction documents prepared by Architect and its consultants, shall make recommendations to the Owner and Architect regarding their constructability, expected cost, and schedule, and shall coordinate any changes in such design drawings and specifications requested by Owner. The Developer shall promptly give the Architect and Owner written notice of any issues concerning constructability, expected cost or schedule that may have an adverse impact on the Project; provided, however, Developer's actions with respect to the design shall be advisory to the Owner and Architect and shall not constitute an undertaking on the part of the Developer for the adequacy or constructability of the design, and Owner and Developer agree that the responsibility for the design rests with the Architect. In addition, the Developer shall during its reviews provide recommendations on the selection of materials, building systems and equipment, methods of Project delivery, relative feasibility of construction methods and the preferred construction method, availability of materials and labor, time requirements for procurement, installation and construction, and factors

related to construction cost including, but not limited to, costs of alternative designs or materials, the Development Budget, and possible economies. The Developer's review and comments on the design shall be advisory to the Owner and Architect and shall not constitute an undertaking on the part of the Developer for the adequacy or constructability of the design. Owner and Developer agree that the responsibility for the design rests with the Architect.

4.3.2 The Developer shall work with the Architect and the other Owner Consultants to achieve compatibility and coordination of all design drawings and specifications (including, but not limited to, design development documents and construction documents prepared by Architect and its consultants and any other documents prepared by any other Owner Consultants) with each other. The Developer's review and comments with respect to such design drawings and specifications shall be advisory to the Owner and Architect, and Developer shall have no liability to Owner if any such design drawings and specifications are not compatible with each other unless, however, Developer has actual knowledge of such incompatibility and fails to give Owner and Architect timely notice of such incompatibility.

4.3.3 The Developer shall arrange to be prepared a description of standard interior finishes for the interior of the base building improvements comprising the Project

(excluding any Tenant Improvements), together with a budget for the installation of such finishes.

4.3.4 The Developer shall obtain and review the cost estimates from Owner Consultants and/or potential contractors for the Project and the preparation of estimates of the projected Project cost in light of design development, and providing a comparison with the established Development Budget.

4.3.5 The Developer shall review and evaluate claims by Owner Consultants and, if necessary, conduct an investigation. Developer shall forward claims to the Owner along with its recommendations. For claims approved by Owner, Developer shall process change orders as provided in this Agreement and the relevant agreement between the Owner and the affected party.

4.3.6 The Developer shall review and approve critical-path-method schedules for each of the Owner Consultants for compliance with the Project Schedule and milestones and coordination with other entities and persons performing services or work on the Project.

4.3.7 The Developer shall provide to Owner updates to the Project Schedule and progress reports as required under Sections 4.5.6 and 7.2 below.

4.3.8 Developer shall review and evaluate the invoices from Owner Consultants against actual progress to determine whether the amount claimed as the percent complete is accurate. Developer shall certify the amounts due Owner Consultants. Developer may certify, modify or withhold certification for payment, and shall require necessary revisions in such invoices. Developer will submit certified Project invoices to the Owner for review and approval along with a report summarizing the status of payments to Owner Consultants and the cost of the Project. The Developer's certification for payment shall constitute a representation to the Owner, based on the Developer's determinations and on the data comprising the Owner Consultant invoices, that, to the best of the Developer's knowledge, information and belief, the services have progressed to the point indicated, except as stated in the certification for payment.

4.3.9 The Developer shall perform and provide the services with respect to change orders, change order requests and change order proposals

relating to agreements between Owner and Owner Consultants as set forth in Section 4.4.9 hereof.

4.3.10 The Developer shall coordinate the finalization of the construction documents for the Project, including but not limited to, drawings and specifications for architectural, structural, civil, mechanical, electrical, plumbing, acoustical, lighting, fire protection, life safety, landscaping, and interior design.

4.3.11 The Developer shall identify and recommend to Owner proposed Contractors and major subcontractors for the Project, shall coordinate the process for the selection by Owner of the Contractor and major subcontractors, and shall analyze

proposals from and make recommendations with respect to such proposed Contractors and major subcontractors.

4.3.12 The Developer and Owner shall negotiate the Construction Agreement, and such Construction Agreement either will be executed by Developer as "Owner" thereunder and then assigned by Developer to Owner or will be submitted to Owner for execution by Owner. The Construction Agreement shall require the Contractor to furnish payment and performance bonds for work on the Project, unless such requirement is otherwise waived in writing by Owner.

4.3.13 The Developer shall administer and oversee the selection by the Contractor of major subcontractors and others as appropriate for construction of any improvements Owner authorizes to be constructed on the Project and shall review for acceptability the bids received from major subcontractors.

4.3.14 The Developer shall obtain or cause the Contractor to obtain building, development, and other permits necessary to commence and complete construction of the Project. The Developer shall coordinate the submission of the applicable construction documents to governmental authorities for review and approval. The Developer shall coordinate revision and resubmission of such documents where required by governmental authorities.

4.3.15 The Developer shall work with Owner and the Contractor, the Architect and other Owner Consultants to identify long lead-time materials and equipment requested by Owner as to the Project or otherwise included in the Construction Documents approved by Owner, and Developer shall advise Owner as to making appropriate arrangements for the procurement of same.

4.4 Construction Phase. Once construction of the Project commences, Developer's responsibilities will include the following:

4.4.1 The Developer shall manage the Project as the Owner's representative. Developer shall coordinate and manage the activities of the Project, including the activities of the Developer, Architect, Owner Consultants and Contractor in order to meet the Project milestones, the Project Schedule and the Development Budget and consistent with the Communication System Plan, the Project Requirements and the Construction Documents.

4.4.2 The Developer shall conduct pre-construction meetings with the Contractor to review the Project Schedule, coordination procedures, the Communication System Plan, the QAC Plan, the Safety Plan and other relevant information needed to perform at the Project site. Developer shall coordinate the production by the Architect or others of meeting minutes of each pre-construction meeting and distribute the minutes to participants.

4.4.3 The Developer shall verify that all pre-construction submittals, including, without limitation, permits, bonds, insurance certificates and notice of commencement, have been made and submitted by Contractor prior to performing Work.

4.4.4 The Developer shall implement the Communication System Plan and coordinate compliance by Contractor with the Communication System Plan.

4.4.5 The Developer shall review all Contractor submittals, requests for information and other communications relating to the design or Construction Documents for the effect on cost, schedule and Project coordination. The Developer shall forward such documents along with Developer's comments regarding any detrimental impact that any such documents or information contained in such documents may have on the Project, to the Architect and Owner for review and approval or other action as appropriate. Developer shall forward the Architect's responses to the Contractor and the Owner. Developer's review of Contractor submittals shall be for conformance with the Contract Documents and shall not relieve Contractor of any of its obligations under the Construction Contract.

4.4.6 The Developer shall review and comment on the Contractor's program for quality assurance and control ("QAC Plan") to apply to construction and installation of the work, the purpose of which shall be to assure that the work is of sufficent quality and in proper conformance with the Contract Documents. It shall be the responsibility of the Developer, in conjunction with the Architect, to (a) observe during Project visits, whether the Contractor and its subcontractors are meeting and complying with the requirements of the QAC Plan and (b) promptly report to the Owner any failure of any person or entity to adhere to or meet the requirements of the QAC Plan of which the Developer has actual knowledge. After defective work has been corrected by the Contractor, the Developer shall observe the corrected work and determine whether in Developer's reasonable judgment the corrected work is in proper conformance with the Construction Documents.

4.4.7 The Developer shall make visits to the Project site to inspect the work and progress of construction with the Contractor and with the Architect and other Owner Consultants, which visits shall be of such frequency and duration as shall be necessary for Developer to carry out its duties under this Agreement, to guard against defects and deficiencies in the work and to determine that the work is being performed in accordance with the Construction Documents, but in no event shall such visits be less than four (4) days per week during the Construction Phase. If Developer notices such defects or deficiencies in the work or discrepancies between the work and the Construction Documents, Developer shall prepare and submit to Owner a report within two (2) days of such visit detailing its observations. Otherwise, Developer shall prepare and submit to Owner a progress report at least every two (2) weeks detailing its observations. Developer shall have the authority to require additional inspection or testing of the work in accordance with the provisions of the Construction Documents at any stage of the Project.

4.4.8 The Developer shall review and comment on the Contractor's program for assuring job site safety (the "Safety Plan"). Developer may order the Contractor and its subcontractors, suppliers and employees to stop work that is not in compliance with the Safety Plan or that is being conducted in an unsafe manner. By reviewing and commenting on the Safety Plan, including without limitation stopping work that is not in compliance with the Safety Plan or that is being conducted in an unsafe manner, Developer does not assume any responsibility for Project site safety or the taking of safety precautions at the site of any of the work. These responsibilities shall remain solely with the Contractor.

4.4.9 The Developer shall consult with Owner regarding proposed

changes and modifications to the Construction Documents, and the Developer shall coordinate issuance of change orders if and when changes are approved in writing by Owner and the affected party. The Developer shall ensure that all changes in the work or services are implemented through written change orders signed by the Owner and the affected party. The Developer shall establish a changes system to control the writing of change orders and to record all changes to the Construction Documents. For changes initiated by the Owner or Developer with respect to the Contractor's work or Construction Agreement, the Developer shall prepare written change order proposal requests, incorporating detailed drawings and specifications prepared or approved by the Architect where appropriate. The Developer shall forward the requests to the Contractor for preparation of a proposal. For change order requests initiated by Contractor, the Developer shall evaluate the requests and, if applicable, provide a copy to the Architect for comment. The Developer shall evaluate change order proposal requests for price, schedule and coordination impact and shall forward its recommendations to the Owner, along with the comments of the Architect. For Owner-approved change order requests, the Developer shall prepare change order proposal requests, incorporate detailed drawings and specifications prepared or approved by the Architect where appropriate. The Developer shall evaluate change order proposals for price, schedule and coordination impact and, if applicable, shall provide copies to the Architect for comment. The Developer shall forward its recommendations to the Owner along with any comments of the Architect. For change order proposals approved by the Owner and the affected party, the Developer shall prepare written change orders and shall obtain the signatures of the Owner and the affected party. If a change is performed by the Contractor or an Owner Consultant under a pricing arrangement other than lump sum, Developer shall make a record of units, work or services or actual costs incurred as the case may be. The Developer shall obtain from the Contractor and Owner Consultants copies of supporting documents for all units of work or services or costs incurred. The Developer shall keep a record copy of all signed change orders and shall provide copies to the Architect and Owner.

4.4.10 The Developer shall review and evaluate claims by Contractor, Architect or other Owner Consultants and, if necessary, conduct an investigation of actual conditions. Developer shall provide copies of Contractor claims to the Architect for comment. Developer shall forward claims to the Owner along with its recommendations, and for Contractor claims, comments from the Architect. For claims approved by Owner,

Developer shall process change orders as provided in this Agreement and the relevant agreement between the Owner and the affected party.

4.4.11 The Developer shall review and approve critical-path-method schedules of the Contractor ("Contractor CPM Schedule") for compliance with the Project Schedule and milestones and coordination with other entities and persons performing services or work on the Project.

4.4.12 The Developer shall receive Contractor's monthly progress reports and evaluate the reports against the Contractor CPM Schedule, actual conditions, and the Project Schedule. The Developer shall determine the actual percent complete of work and shall communicate this percent to the Owner, Contractor and Architect. The Developer may require revisions to the Contractor progress reports and to the Contractor CPM Schedule, to the extent allowed under the Construction Contract; provided, however, Developer shall not have the authority to revise the dates required for substantial completion and final completion of the Project under the Nissan Lease or any other critical milestone.

4.4.13 The Developer shall provide to Owner updates to the Project Schedule and a progress report as required under Sections 4.5.6 and 7.2 hereof.

4.4.14 The Developer shall review the Contractor's proposed breakdown

of the contract values into a schedule of values, which shall be the basis of determining the percent complete for progress payments to the Contractor. Developer shall modify, accept or reject the schedule of values.

4.4.15 Developer shall review and evaluate all invoices and payment applications against actual progress to determine whether the amount claimed as the percent complete is accurate. Developer shall certify the amounts due Contractor and Owner Consultants. Developer may certify, modify or withhold certification for payment, and shall require necessary revisions to such invoices. Developer will submit certified Project invoices to the Owner for review and approval along with a report summarizing the status of payments to Contractor and the construction cost of the Project. The Developer's certification for payment shall constitute a representation to the Owner, based on the Developer's determinations at the site and on the data comprising the Contractor's invoices, that, to the best of the Developer's knowledge, information and belief, the work has progressed to the point indicated and, except as stated in the certification for payment, the quality of the work is in accordance with the Construction Documents.

4.4.16 The Developer shall respond to any questions from Owner regarding the work or progress of construction, construction methods, scheduling and the like.

4.4.17 The Developer shall coordinate efforts by all appropriate parties to complete the Project in accordance with the Construction Documents, as the same may be amended from time to time with the approval of all necessary parties, such efforts to

include, without limitation, assisting in the scheduling of inspections and the preparation of and overseeing the completion of the Punchlist.

4.4.18 The Developer shall review the Contractor's notice of substantial completion, the Punchlist initially prepared by the Contractor and the Punchlist as revised by the Architect. Together with the Owner and Architect, Developer shall inspect the work. Developer's inspection will be to determine whether substantial completion has been achieved and to verify the accuracy and completeness of the Punchlist. Developer shall refuse to accept the work as substantially complete if Developer, Owner and Architect determine that the work has not been substantially completed. If Owner, Developer and Architect agree that the work is substantially complete, Developer will coordinate the preparation by the Architect of a certificate of substantial completion which shall establish the date of substantial completion of the work and shall fix the time within which Contractor shall complete the items on the Punchlist. The Developer shall use reasonable efforts to obtain the Contractor's written acceptance of the responsibilities assigned to Contractor in such certificate.

4.4.19 The Developer shall assist the Architect or Contractor with obtaining, on behalf of Owner, a temporary or final certificate of occupancy (or other appropriate and necessary governmental permission to occupy) with respect to the Project.

4.4.20 The Developer shall review the Contractor's final invoices, final waiver and release of lien and claim forms and supporting data. Developer, together with Owner and Contractor, will inspect the work. Developer shall advise the Owner on the acceptability and completeness of the work. If Owner accepts the work as complete, the Developer shall coordinate the issuance by the Architect of a certificate of final completion. Developer shall obtain all documentation required of Contractor under the Construction Agreement prior to certifying a final invoice for payment. Developer shall forward certified final invoices to Owner for payment.

4.4.21 Developer shall obtain as-built drawings and specifications from the Architect and/or Contractor and assemble them into a record set for the Project, and forward them to the Architect so that it will record all such changes reflected in the as-built drawings and specifications into the computer aided design format. Developer shall also obtain record copies of all change orders, requests for information, invoices and other documents that define the work and the final cost of the work. Developer shall obtain from the Contractor and deliver to Owner all operation and maintenance manuals, warranties and guarantees.

4.4.22 Developer shall coordinate the turnover of portions of the Project as and when the same are appropriately completed.

4.4.23 After the Project is completed, the Developer shall prepare a final report to the Owner on the construction cost.

4.5 All Phases. During all phases of the Project, Developer's responsibilities will include the following:

4.5.1 The Developer shall implement the Development Budget as provided herein.

4.5.2 Developer shall maintain or cause to be maintained true and complete Project files at the Dallas, Texas office of Developer, including, but not limited to, correspondence, contracts, purchase orders, bids, proposals, draw requests and Monthly Reports. Developer shall also maintain or cause to be maintained all data and information pertaining to the Development Functions and reimbursable costs. Such records and files shall be provided to Owner upon Owner's request and shall be maintained in accordance with Developer's present method of accounting, unless otherwise directed or approved by Owner. Developer may also maintain other records or books for Owner and which are owned by Owner and to which Owner has complete access.

4.5.3 Developer shall schedule and conduct periodic meetings throughout the course of the Project to review the design, procurement and construction as to progress, quality and compliance with the Project Requirements, Project Schedule, Development Budget, and, during the Construction Phase, for compliance with the Construction Documents. Such meetings shall occur at least every week during the Pre-Development and Design Development Phases and at least bi-weekly during the Construction Phase, unless Owner requests more frequent meetings. The Developer shall arrange for the attendance of all necessary parties at the periodic meetings, including without limitation, the Owner, Architect, other Owner Consultants, Contractor, subcontractors, key suppliers and any other person whose attendance is necessary given the status of the Project. The Developer shall coordinate the production by Architect or others of meeting minutes and distribute them to interested parties.

4.5.4 Developer shall facilitate the flow of communications and information among the various participants on the Project and with governmental authorities. The Developer shall develop a system for Project communications, including, without limitation, meeting minutes, written and oral communications, requests for information, cost reports, progress reports, submittals, changes, test reports, payment applications, payments, logs and other management information necessary to manage the Project. The system developed by Developer shall be in the form of a written communication system plan (the "Communication System Plan"). The Communication System Plan shall include a description of each type of communication, the method and form of recording it, frequency, and required distribution to various parties. The Communication System Plan shall provide that all communications to and from the Contractor (except for Contractor's own subcontractors and suppliers) shall go through the Developer. The Communication System Plan may include a link on Developer's

web page which is exclusively devoted to the Project and which will allow the exchange of electronic messages to all Project participants, and the Communication System Plan shall include a web cam feature on Developer's web page that will allow internet users to view the

Project on a real-time basis from one or more cameras at the Project. Developer shall review the Communication System Plan with the Contractor and shall submit the Communication System Plan to the Owner for written approval.

4.5.5 Within ten (10) days after the end of each month, Developer shall submit to Owner the Monthly Report required by Section 7.2 hereof. The Developer shall also notify Owner in writing within three (3) days of becoming aware of an actual or anticipated cost overrun with respect to any major budget category within the Development Budget, and such anticipated or actual cost overrun shall also be included in the report. The Developer shall also provide Owner with written suggested refinements and supplements to the Development Budget as development of the Project moves through its various phases. The Development Budget shall not be modified without Owner's express written consent.

4.5.6 Developer shall provide to Owner, in both an electronic and hard copy format, updates to the Project Schedule as necessary and in a critical-path-method format to reflect changes in the scheduling of the Project as more information becomes available during the design, bidding and construction phases of the Project, but in no event less than once each month; provided, however, in no event shall the Developer have the authority to modify the substantial completion and final completion dates required with respect to the Project under the Nissan Lease or any critical milestone dates of the Project Schedule without written approval by Owner, including, but not limited to, any required dates set forth in the agreements with the Architect and the Contractor. In addition, the Developer shall provide to Owner, during the progress of the Project, a written progress report comparing the progress of the Project against the Project Schedule.

4.5.7 Developer shall notify Owner in writing within five (5) business days of becoming aware of any actual or anticipated delay in the Project Schedule, the Architect's design schedule, or the Contractor CPM Schedule.

4.5.8 The Developer shall review (and shall cause the appropriate Owner Consultants to review) all applicable building codes, environmental, zoning and land use laws and other applicable local, state and federal laws, regulations and ordinances concerning the development, use and operation of the Project or any portion thereof. The Developer shall make application for and seek to obtain and keep in full force and effect all necessary governmental approvals and permits, and shall endeavor to perform such acts as shall be reasonably necessary to effect compliance by the Owner with all laws, rules, ordinances, statutes, and regulations of any governmental authority applicable to the Project. Upon receipt of Owner's written request, Developer shall seek to obtain any variances or rezoning of such portion of the Land as are necessary or appropriate to cause the Project to be in compliance with applicable codes, laws, regulations and ordinances. Such services shall be performed at Developer's own cost and expense, except that all out-of-pocket costs and costs of attorneys and consultants incurred in any such efforts shall be borne by Owner.

4.5.9 Developer shall advise Owner with respect to all dealings with all governmental authorities who have control over the development of the Project and the construction of all improvements Owner authorizes in writing to be constructed on the Project, including advising Owner with

respect to the contest by Owner of any law, regulation or rule which Owner deems to adversely affect the Project.

4.5.10 The Developer shall review all applicable private restrictions, covenants and easement agreements concerning the development, use and operation of the Project or any portion thereof, including the Declaration of Covenants, Restrictions and Development Standards Applicable to DFW Freeport dated October 29, 1979, recorded in Volume 79212, page 2965, Dallas County Records, as supplemented and amended (the "CC&R"). The Developer shall endeavor to perform such acts as shall be reasonably necessary to effect compliance by the Owner with all such restrictions, covenants and easements, including without limitation the timely submittal of plans and specifications with respect to the Project to the Architectural Control Committee established under the CC&R and obtaining all requisite approvals required to be obtained with respect to the Project under the CC&R.

4.5.11 The Developer shall negotiate and submit to the Owner for the Owner's approval all contracts for, or otherwise arrange for the delivery of, on a timely basis, all utilities required for the development, construction, and operation of the Project, including, without limitation, water, electricity, telephone, storm sewer, and sanitary sewer services.

4.5.12 As Owner's representative, Developer shall supervise, administer, coordinate and manage the performance of the Contractor, the Architect, and the other Owner Consultants under their respective contracts with Owner, and Developer shall give or make Owner's instructions, requirements, and approvals provided for in such contracts after obtaining Owner's written approval with respect thereto.

4.5.13 The Developer shall coordinate the services of such accountants and attorneys as may be engaged by the Owner upon such terms as may be approved by the Owner and utilize such accounting and disbursement systems as may be determined by the Owner.

4.5.14 The Developer shall review and make recommendations to the Owner regarding the Owner's insurance program so that the Owner shall obtain and keep in force, at the Owner's expense as contemplated in the Development Budget, such policies of insurance, including, but not limited to, public liability, all-risk, and builder's risk, in such amounts and with such carriers as shall be prudent with respect to the Project.

4.5.15 The Developer will work with Owner in good faith to satisfy the underwriting, closing and ongoing monitoring requirements of any lender providing financing for the acquisition and construction of the Project.

4.5.16 The Developer shall prepare and deliver to the Owner for Owner's approval all construction draw requests under any construction loan obtained by the Owner with respect to the Project, such draw requests to be in form and content sufficient to permit the lender to approve or disapprove such requests, and after approval of the draw request by Owner, Developer shall cause same to be delivered to the lender.

4.5.17 The Developer shall cooperate with the Owner's inspecting engineer, if any, and/or Owner's lender's inspection engineer, if any, engaged for the purpose of reviewing the status of the work.

4.5.18 The Developer shall coordinate, review, administer, manage and oversee the work and activities relating to, and the performance of, the Tenant Improvements to be constructed and installed by the "Landlord" under the Nissan Lease.

4.5.19 The Developer shall deliver to the Owner copies of all permits, licenses, guaranties, warranties, bills of sale and other contracts, agreements, change orders or commitments obtained or received by

the Developer for the account or benefit of the Owner. Developer will keep all originals of such documents in the Project file and deliver such originals to Owner promptly after the Completion Date.

4.5.20 Following the Completion Date, Developer shall use commercially reasonable efforts to obtain a release of the repurchase option reserved by The Ruth Ray and H. L. Hunt Foundation and The Ruth Foundation (collectively "Seller") in the Special Warranty Deed from Seller to Owner, which release shall be in form suitable for recording in the Dallas County Records.

4.5.21 Developer shall take whatever actions are necessary and appropriate to accomplish completion of the Project in accordance with the approved Project Schedule and within the approved Development Budget.

4.5.22 The Developer shall perform and discharge all other obligations of the Developer under this Agreement.

4.6 Completion. The Developer hereby agrees to diligently use commercially reasonable efforts and shall devote sufficient time and personnel to cause the development of the Project to be completed in compliance with the time parameters established therefor under the Nissan Lease, and in accordance with the Development Budget as it may from time to time be revised pursuant to Section 5.2 hereof.

4.7 Employees. The Developer shall have in its employ at all times a sufficient number of capable employees to enable the Developer to perform its duties hereunder. The individual development managers designated by the Developer to be dedicated to the Project and who shall be principally responsible for performing the Development Functions shall be subject to the reasonable approval of the Owner. Owner hereby acknowledges its approval of the following individuals as development managers principally responsible for performing the Development Functions: Jeffrey L. Swope, Stephen M. Modory, Robert D. Poynor, and Jim

Stewart. Any substitute development manager shall also be subject to the reasonable approval of the Owner. All persons, other than independent contractors, employed by the Developer in the performance of its responsibilities hereunder shall be exclusively controlled by and shall be the employees of the Developer and not of the Owner, and the Owner shall have no liability, responsibility or authority with respect thereto.

4.8 Developer's Costs. Notwithstanding anything contained in any other provision of this Agreement to the contrary, the following costs and expenses shall be borne solely by the Developer and shall not be borne by the Owner:

(a) Cost of gross salary and wages, payroll taxes, insurance, workers' compensation and other benefits of any employees of the Developer;

(b) Cost of forms, papers, ledgers and other supplies and equipment used in the Developer's office;

(c) Cost of electronic data processing or computer services, or any pro rata charge for data processing or computer services provided by computer service companies, which the Developer may elect to incur in the performance of the Development Functions;

(d) Cost of office equipment acquired by the Developer to enable it to perform its duties hereunder;

(e) Cost of advances made to employees of the Developer and cost of travel and lodging by the Developer's employees and agents, except as

provided in Section 11.5 hereof; and

(f) Cost attributable to losses, including any legal fees relating thereto, arising from negligence, fraud or willful act or omission on the part of the Developer or any of the Developer's officers, directors, employees or agents, except to the extent such costs are to be borne by the Owner pursuant to Section 9.3 hereof.

ARTICLE 5
DEVELOPMENT BUDGET

5.1 Implementation of Development Budget. The Owner hereby approves the Development Budget and the Developer is hereby authorized and directed to implement the Development Budget pursuant to this Agreement. The Developer may, without the need for any further approval whatsoever by the Owner, make any expenditures and incur any obligations provided for in the Development Budget, as it may be revised from time to time as provided herein. The Developer shall use prudence and diligence and shall employ commercially reasonable efforts to ensure that the actual costs incurred for each category or line item of expense as set forth in the Development Budget shall not exceed such category or line item in the Development Budget. The Developer shall advise the Owner promptly if it appears that costs in

any category or line item specified in the Development Budget will exceed the amount budgeted therefor. All expenses shall be charged to the proper category or line item in the Development Budget, and no expenses may be classified or reclassified for the purpose of avoiding an excess in the budgeted amount of a category or line item without the Owner's prior written approval; provided, however, Developer may make an allocation of up to 33 1/3% of the "Landlord Contingency" line item in the Development Budget to other categories or line items (other than payments to Developer) without Owner's prior written approval. Except for the allocation of up to 33 1/3% of the "Landlord Contingency" line item in the Development Budget to other categories or line items as provided in the preceding sentence, the Developer shall secure the Owner's prior written approval before incurring and paying any cost which will result in aggregate expenditures under any one category or line item in the Development Budget exceeding the amount budgeted therefor.

5.2 Revision of Development Budget. If the Developer at any time determines that the Development Budget is not compatible with the then-prevailing status of the Project and does not adequately provide for the completion of the Project, the Developer shall promptly prepare and submit to the Owner an appropriate revision of the Development Budget. Any such revision shall require the approval of the Owner; provided, however, that any such revision shall be considered approved on the fourteenth (14th) day following its delivery to the Owner, unless the Owner shall, within such fourteen (14) day period, notify the Developer in writing of its disapproval of the proposed revision and specify in such notice the items to which it objects. In the event of any such objection, the Developer and the Owner shall consult and endeavor to reconcile their differences.

5.3 Emergencies. Notwithstanding any limitations herein provided, the Developer may spend funds or incur expenses on behalf of the Owner in circumstances which the Developer reasonably and in good faith believes constitute an emergency requiring prompt action to avert, or reduce the risk of, damage to persons or property. The Developer shall, in any case, notify the Owner as soon as practicable of the existence of such emergency and of the action taken by the Developer with respect thereto.

5.4 Reduction in Fees. If the Total Project Costs shall exceed the

Capitalized Rent Amount (as hereinafter defined), the amount of the fees payable to the Developer under Sections 11.2 through 11.4 hereof shall be reduced by the amount of such excess, with any reductions to be applied to such fees in the following order of priority:

(a) first, to unpaid portions of the Development Fee until the remaining Development Fee is reduced to zero;

(b) then to unpaid portions of the Tenant Occupancy Fee until the remaining Tenant Occupancy Fee is reduced to zero;

(c) then to any portion of the Development Fee and the Tenant Occupancy Fee which has theretofore been paid to the Developer until all such fees have been reduced to zero, and the Developer hereby agrees to reimburse to the Owner an amount of such fees theretofore paid to the Developer as shall equal the amount of such reduction;

(d) then to any portion of the Leasing Fee which has theretofore been paid to the Developer until all such fees have been reduced to zero, and the Developer hereby agrees to reimburse to the Owner an amount of such Leasing Fee theretofore paid to the Developer as shall equal the amount of such reduction.

The aforesaid reductions in the fees payable to the Developer under Sections 11.2 through 11.4 hereof shall be effected regardless of whether or not appropriate revisions of the Development Budget are approved by the Owner and regardless of whether or not any increases in costs and expenses incurred by the Owner with respect to the acquisition of the Land or the designing, engineering, planning, development, construction, installation, completion, leasing and financing of the Project are approved by the Owner; provided, however, in the event such costs and expenses shall increase as a result of a change by the Owner in the scope of the work comprising the Project, the incremental costs due to the change in the scope of the work shall not cause a reduction in the fees payable to the Developer under Sections 11.2 through 11.4 hereof. The Owner shall not be obligated to accept or agree to changes in the scope of the work comprising the Project in order to reduce the costs and expenses with respect thereto. The Owner and the Developer agree that appropriate reductions in the fees payable to the Developer (and reimbursements thereof to the Owner, if applicable) shall be effected as and when it is reasonably determined by the Owner that the costs and expenses under any category or line item in the Development Budget shall exceed the amount originally budgeted therefor or that costs and expenses will be incurred that are not originally budgeted under the Development Budget; provided, however, the Owner and the Developer shall make reasonable allocations of the "Landlord Contingency" line item in the Development Budget to other categories or line items prior to effecting a reduction in the fees payable to the Developer, so long as a reasonable reserve is maintained in the "Landlord Contingency" line item to cover future contingencies. Promptly following the Completion Date, the Owner and the Developer shall make any final adjustments and payments between them to give effect to the agreements set forth in this Section 5.4. For purposes hereof, the term "Capitalized Rent Amount" shall mean the amount calculated by dividing the Base Rent amount payable by Nissan under the Nissan Lease for the first twelve (12) months of the initial term of the Nissan Lease (taking into account any adjustment in the amount of Base Rent effectuated pursuant to the last paragraph of Exhibit "D" to the Nissan Lease, but without taking into account or deducting any credits against Base Rent to which Nissan is entitled under Paragraphs 2 or 7 of Exhibit "C" attached to the Nissan Lease or under Exhibit "D" attached to the Nissan Lease) by 0.10.

5.5 Developer's Obligation for Overage. If the Total Project Costs shall exceed the Capitalized Amount by more than the aggregate of the Development Fee, the Tenant Occupancy Fee and the Leasing Fee, in addition to the foregoing Fees

being reduced to zero (and Developer reimbursing Owner the amount of such Fees theretofore paid to Developer) as provided in Section 5.4 above, Developer agrees to pay to the Owner the amount of such overage as and when such overage amounts are incurred by Developer. No limitation on Developer's liability under this Agreement, including, without limitation, such limitations set forth in Sections 4.3.1, 4.3.2, 9.1 and 9.6 hereof, shall affect or limit the obligations of Developer under Section 5.4 above or this Section 5.5.

ARTICLE 6
AUTHORITY OF THE DEVELOPER

6.1 General Authority. The Developer shall have, and is hereby granted by the Owner, full and complete power, authority, and discretion to act for, and in the name, place, and stead of, the Owner in carrying out and discharging the responsibilities and obligations of the Developer under this Agreement (including, without limitation, all of the responsibilities imposed upon the Developer under Article 4 hereof); provided, however, that the Developer shall have no right or authority, express or implied, to commit or otherwise obligate the Owner in any manner whatsoever except to the extent specifically provided herein or specifically authorized in writing by the Owner.

6.2 Execution of Documents and Agreements. Only when specifically authorized by the Owner in a writing to the Developer, the Developer may, at the Developer's election, execute any documents, agreements, or other instruments on behalf of the Owner as follows, it being acknowledged that the Developer shall be entitled to the indemnification by the Owner for any obligations or liabilities thereunder and shall not thereby incur any liability or obligation to any third party thereunder:

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

By: Champion Partners, Ltd., as development manager

By: Champion Holdings, Ltd., a Texas limited partnership, its general partner

By: Champion Interests, Inc., a Texas corporation, its general partner

By:_____
Name:_____
Title:_____

6.3 Ratification of Prior Actions of Developer. Owner hereby acknowledges its ratification and approval of the actions of Developer taken prior to the date hereof and listed on Exhibit "H" attached hereto and by reference made a part hereof.

ARTICLE 7
ACCOUNTING AND REPORTS

7.1 Books of Account. The Developer shall maintain or cause to be

maintained true and accurate books of account reflecting the planning, design, construction, and completion of

the Project. All entries to such books of account shall be supported by sufficient documentation to permit the Owner and its auditors to ascertain that said entries are properly and accurately recorded. Such books of account shall be located at the Developer's principal metropolitan Dallas, Texas office and shall be maintained in accordance with the Developer's present cash method of accounting, unless otherwise directed or approved by the Owner. The Developer shall ensure such control over accounting and financial transactions as is reasonably required to protect the Owner's assets from theft, error or fraudulent activity on the part of the Developer, the Developer's employees or agents.

7.2 Monthly Reports. Within ten (10) days after the end of each calendar month, the Developer shall prepare a report with respect to the Project (hereinafter referred to as the "Monthly Report") and shall cause the same to be delivered to the Owner and the Owner's inspecting engineer, if any. Each Monthly Report shall be subdivided into categories specified in the Development Budget and shall contain the following information respecting the Project:

(a) The draw request for the month covered by the Monthly Report, including:

(i) each draw request letter;

(ii) each certificate of the Architect;

(iii) each application and certificate for payment of the Contractor; and

(iv) any other invoices covered in the draw request.

(b) The costs incurred under the Construction Contract as of the date of the Monthly Report.

(c) All costs incurred but not paid as of the date of such Monthly Report.

(d) A comparison of the amount of actual costs incurred as of the date of the Monthly Report to the budgeted costs as of such date, shown on a line-item basis using the same categories or line items set forth in the Development Budget.

(e) Photographs of the Project depicting the current status of construction.

(f) A report with respect to the progress of construction, including information as to whether the commencement, milestone and completion dates in the Project Schedule and the Nissan Lease are being achieved. The Developer shall identify in such report potential variances between the completion dates required in the Project Schedule and the Nissan Lease and the probable completion dates and shall make recommendations as to adjustments necessary to meet the required completion dates.

The Developer shall furnish the Owner with a certificate from Developer in respect of each such Monthly Report certifying that to the best of Developer's knowledge, such Monthly Report is accurate, true and complete in all respects.

7.3 Annual Development and Financial Statements. Within thirty (30) days after the end of each fiscal year of the Owner during the term of this Agreement, the Developer shall cause to be prepared and delivered to the Owner, at the Owner's expense, a report which is a summary of the previous Monthly Reports for such fiscal year which have been tendered to the Owner pursuant to Section 7.2 hereof. In addition, within sixty (60) days after the end of each fiscal year of the Owner during the term of this Agreement, the Developer shall cause to be prepared and delivered to the Owner, at the Owner's expense, unaudited financial statements reflecting all receipts and disbursements collected, received, or made by the Developer with respect to the development and the construction of the Project for such fiscal year. The Developer shall also cause to be prepared and delivered to the Owner such other reports and information with respect to the development and construction of the Project for each fiscal year as the Owner shall reasonably request.

7.4 Examination of Books and Records. The Owner, at its expense, shall have the right at all reasonable times during normal business hours and upon at least twenty-four (24) hours advance notice, to audit, to examine, and to make copies of or extracts from the books of account and records maintained by the Developer with respect to the Project. If the Owner shall notify the Developer of either weaknesses in internal control or errors in record keeping, the Developer shall correct such weaknesses and errors as soon as possible after they are disclosed to the Developer. The Developer shall notify the Owner in writing of the actions taken to correct such weaknesses and errors.

ARTICLE 8
BANKING

8.1 Separate Accounts. It is contemplated that the Owner will make disbursements with respect to the development and construction of the Project directly to the Architect (if applicable) and the Contractor. Nevertheless, all disbursements and other funds of the Owner which may be received by the Developer hereunder with respect to the development or construction of the Project shall be deposited by the Developer and held in such bank account or accounts maintained by the Developer in such bank or banks with federal deposit insurance protection as may be selected by the Developer and approved by the Owner. All such funds shall be and shall remain the property of the Owner and shall be disbursed by the Developer in payment of the obligations of the Owner incurred in connection with the development and construction of the Project, or, subject to the provisions of Section 8.2 below, shall be disbursed to the Owner at the Owner's request. Except as hereinafter provided, the Developer shall not commingle the Owner's funds with the funds of any other person.

8.2 The Owner's Duty to Provide Funds. The Owner agrees that the Owner will pay all current obligations of the Owner in accordance with the Development Budget, including all obligations of the Owner to the Developer hereunder. Alternatively, at the Owner's option, the Owner may elect to provide funds to the Developer so that the Developer can pay all such obligations of the Owner (excluding obligations to the Developer, it being understood and agreed that such obligations to the Developer shall be paid directly by the Owner to the Developer). If

the Owner elects to cause the Developer to make payment of such obligations, the Owner hereby agrees that, by making deposits to (following notice as provided below), or by refraining from withdrawing funds from, the bank account or accounts maintained by the Developer pursuant to Section 8.1 above, the Owner shall, during the term of this Agreement, maintain sufficient funds in such bank account or accounts to enable the Developer to pay all current obligations of

the Owner in accordance with the Development Budget, excluding the obligations of the Owner to the Developer hereunder. Accordingly, the Owner shall, within ten (10) days of its receipt of any written request from the Developer for additional funds (which request must specify the amount of such funds requested and the purposes for which they are to be used), deposit in such bank account or accounts such additional funds as the Owner shall consider appropriate with respect to such request by the Developer.

8.3 Investment of Owner's Funds. If at any time there are in the bank account or accounts established pursuant to Section 8.1 above, funds of the Owner, from whatever sources, temporarily exceeding the immediate cash needs of the Project, the Developer may (and at the discretion of the Owner shall) invest such excess funds in such savings accounts, certificates of deposit, United States Treasury obligations, commercial paper, and the like, as the Developer shall deem appropriate or as the Owner shall direct, provided that the form of any such investment shall be consistent with the Developer's need to be able to liquidate any such investment to meet the cash needs of the Project from time to time.

ARTICLE 9
STANDARD OF CARE; LIABILITY; INDEMNITY; CONFIDENTIALITY

9.1 Standard of Care; Developer's Liability. The Developer shall have no liability to the Owner for any errors of judgment, or any mistakes of fact or of law, made in a good faith effort to perform and carry out the Developer's responsibilities under this Agreement, unless the Developer has failed to exercise that degree of care and skill required of the Developer under Section 2.1 hereof, provided, of course, that sufficient funds are made available by the Owner for the performance of the Developer's responsibilities.

9.2 Indemnity of Owner. The Developer hereby agrees to indemnify, defend and hold harmless the Owner and its partners and their respective officers, directors and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including without limitation reasonable attorneys' fees and court costs incurred in connection with the enforcement of this indemnity or otherwise), arising out of the gross negligence, fraud or any willful act or omission of the Developer, or any of its officers, directors, agents or employees, in connection with this Agreement or the Developer's services or work hereunder, whether within or beyond the scope of its duties or authority hereunder.

9.3 Indemnity of Developer. The Owner hereby agrees to indemnify, defend and hold harmless the Developer, its officers, directors and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and

awards, and costs and expenses (including without limitation reasonable attorney's fees and court costs incurred in connection with the enforcement of this indemnity or otherwise), arising out of (i) any action taken by the Developer within the scope of its duties or authority hereunder, excluding only such of the foregoing as result from the negligence, fraud or willful act of the Developer, its officers, directors, agents and employees, and (ii) the gross negligence, fraud or any willful act or omission of the Owner and its partners and their respective officers, directors and employees.

9.4 Survival of Indemnities. The provisions of Sections 9.2 and 9.3

hereof shall survive the completion of the Developer's services hereunder or any earlier termination of this Agreement.

9.5 No Obligation to Third Parties. None of the responsibilities and obligations of the Developer under this Agreement shall in any way or in any manner be deemed to create any liability of the Developer to, or any rights in, any person or entity other than the Owner.

9.6 Nature of the Developer's Duties and Responsibilities. The Owner hereby acknowledges that the Developer's duties and responsibilities hereunder with respect to the development and construction of the Project consist only in managing, supervising, and coordinating the planning, design, construction and completion of the Project and the performance of the other Development Functions in accordance with the terms of this Agreement; that the Developer is not itself preparing any architectural or engineering plans, designs, or specifications or performing any construction required for the development or completion of the Project; that the Developer is not a guarantor or insurer of any work to be performed by any other party in connection with the planning, design, construction, and completion of the Project; and that the Developer is not responsible for, and will not be liable for, any work, act, omission, negligence, gross negligence, or intentional misconduct of any other party employed by the Owner or performing work for the Owner in connection with the Project.

9.7 Ownership of Information and Materials. The Owner shall have the right to use, without further compensation to the Developer, all written data and information generated by or for the Developer in connection with the Project or supplied to the Developer by the Owner or the Owner's contractors or agents, and all drawings, plans, books, records, contracts, agreements and all other documents and writings in its possession relating to its services or the Project. Such data and information shall at all times be the property of the Owner. The Developer agrees, for itself and all persons retained or employed by the Developer in performing its services, to hold in confidence and not to use or disclose to others any confidential or proprietary information of the Owner which is heretofore or hereafter disclosed to the Developer or any such persons and which is designated by the Owner as confidential and proprietary, including but not limited to any proprietary or confidential data, information, plans, programs, plants, processes, equipment, costs, operations, tenants or customers which may come within the knowledge of the Developer or any such persons in the performance of, or as a result of, its services, except where (i) the Owner specifically authorizes the Developer to disclose any of the foregoing to others or such disclosure reasonably results from the performance of the Developer's duties hereunder, or (ii) such written data or information shall have theretofore been made publicly available by parties other than the Developer or any such persons, or (iii) Developer is required by law to disclose

such information (provided that in such case Developer shall give Owner prior notice of the request for disclosure and shall cooperate with Owner in obtaining a protective order or other remedy at Owner's expense). Nothing contained in this Section 9.7 shall be deemed to limit or restrict the provisions of Article 14 hereof or of the rights of the Developer thereunder.

ARTICLE 10
INSURANCE

10.1 Insurance Requirements. Throughout the term of this Agreement, insurance with respect to the Project shall be carried and maintained in force in accordance with the provisions contained in Exhibit "C", attached hereto and

incorporated herein by this reference, with the premiums and other costs and expenses for such required insurance to be borne as provided in Exhibit "C".

10.2 Waiver of Subrogation. Owner, on behalf of itself and its insurers, waives its rights of recovery against Developer or Developer's partners and their respective officers, directors and employees, for damages sustained by Owner as a result of any damage to any property arising from any risk or peril generally covered or coverable by any insurance policy actually carried by or required to be carried by Owner pursuant to the terms of this Agreement, regardless of cause, including negligence; and Owner agrees that no party shall have any such right of recovery by way of subrogation or assignment. Developer, on behalf of itself and its insurers, waives its rights of recovery against Owner and Owner's partners and their respective officers, directors and employees, for damages sustained by Developer as a result of any damage to any property arising from any risk or peril generally covered or coverable by any insurance policy actually carried by or required to be carried by Developer pursuant to the terms of this Agreement, regardless of cause, including negligence; and Developer agrees that no party shall have any such right of recovery by way of subrogation or assignment. Owner and Developer shall each notify their respective insurance carriers of the mutual waivers herein contained and shall cause their respective insurance policies required hereunder to be endorsed, if necessary, to prevent any invalidation of coverage as a result of the mutual waivers herein contained.

ARTICLE 11
COMPENSATION OF THE DEVELOPER

11.1 Fees - General. As compensation for the services rendered and to be rendered by the Developer under this Agreement, the Owner shall pay the Developer the Development Fee, the Leasing Fee, and the Tenant Occupancy Fee, all in accordance with and subject to the terms and provisions of Sections 11.2, 11.3, and 11.4 hereof, respectively, and all such Fees shall be subject to reduction as provided in Section 5.4 hereof.

11.2 Development Fee. The Owner shall pay the Developer, as the Development Fee for the Project, the sum of One Million Two Hundred Fifty Thousand and No/100 Dollars ($1,250,000.00). The Development Fee shall be paid in monthly installments commencing with the month following the month during which the Owner acquires the Land. The monthly

installments shall be $50,000 for each of the first four (4) months and then $75,000 for each of the twelve (12) months thereafter; provided, however, in the event of any actual or anticipated delay in the progress of the Project of more than one (1) month from the scheduled progress of the Project as set forth on the original Project Schedule, the amount of the aforesaid monthly installments shall be appropriately adjusted to take such delay into account. The $150,000 remaining balance of the Development Fee shall be due and payable upon the Completion Date, and as a condition precedent to the payment of such remaining balance, Developer shall submit to Owner the following: (a) fully executed, unconditional, final lien waiver and release from Developer in the form attached hereto as Exhibit "G", and (b) fully executed, unconditional, final lien and claim waiver and releases from the Contractor and all subcontractors performing work or supplying labor or materials in connection with the Project. The Development Fee shall be subject to reduction as provided in Section 5.4 hereof.

11.3 Leasing Fee. With respect to the Nissan Lease, Owner shall pay to the

Developer, as the Leasing Fee with respect to the Nissan Lease, and as full and complete compensation for all leasing services provided by the Developer in connection with such Nissan Lease, an amount equal to One Million and No/100 Dollars ($1,000,000.00). Such Leasing Fee shall be due and payable at such time as the Owner shall make the initial disbursement of funds following the commencement of on-site development work with respect to the Project and the acquisition by Owner of the Land. The Leasing Fee shall be subject to reduction as provided in Section 5.4 hereof.

11.4 Tenant Occupancy Fee. The Owner shall pay the Developer, as the Tenant Occupancy Fee, an amount determined by first calculating the positive difference, if any, between the Capitalized Rent Amount and the Total Project Costs, and then subtracting from such difference the amount of the Reserve Account, if any. The amount of Tenant Occupancy Fee as so determined shall be subject to increase as provided in Exhibit "I" attached hereto. The amount of Tenant Occupancy Fee shall be subject to reduction as provided in Section 5.4 hereof, and, in addition, the Owner shall have the right to offset against the Tenant Occupancy Fee the amount of any payment due from Developer to Owner under Section 12.1 hereof. The Tenant Occupancy Fee (excluding any portion deferred pursuant to Exhibit "I" attached hereto) shall be due and payable in one lump sum upon the Completion Date and the final calculation of the Total Project Costs; provided, however, if any Punchlist items shall remain to be cured, corrected or completed at such time as the Tenant Occupancy Fee shall be due and payable, Owner shall have the right to withhold from the payment of the Tenant Occupancy Fee an amount which, when combined with the retainage amount withheld from the Contractor to assure performance and completion of such Punchlist items, shall be equal to 200% of the estimated cost to cure, correct or complete such Punchlist items, and the amount held back from Developer shall be paid to Developer only after the Punchlist items have been fully cured, corrected or completed (or shall otherwise be available to pay the costs of curing, correcting or completing such Punchlist items). As a condition precedent to the payment of the Tenant Occupancy Fee, Developer shall submit to Owner the following: (a) fully executed, unconditional, final lien waiver and release from Developer in the form attached hereto as Exhibit "G", and (b) fully executed, unconditional, final lien and claim waiver and releases from the Contractor and all subcontractors performing work or supplying labor or materials in connection with the Project.

11.5 Reimbursement of Costs. In addition to the Fees payable under Sections 11.2, 11.3 and 11.4 above, and subject to the limitations imposed by the Development Budget, Owner agrees to reimburse Developer for all reasonable and verifiable out-of-pocket expenses incurred by Developer for costs of prints, reproductions, telephone, telegrams, postage, and couriers, for costs of in-town travel by personal automobile at the then current reimbursement rate allowed under the Internal Revenue Code and regulations, and for out-of-town travel when authorized in advance and in writing by Owner. The amounts to be reimbursed by Owner pursuant to this Section 11.5 shall be paid monthly after receipt by Owner of a bill therefor accompanied by supporting statements or invoices, or if such supporting documentation is not available due to the nature of the cost or expense incurred, an explanation in reasonable detail from Developer of the costs and expenses to be reimbursed. The first such reimbursement by Owner pursuant to this Section 11.5 shall be paid at such time as the Owner shall make the initial disbursement of funds following the commencement of on-site development work with respect to the Project and the acquisition by Owner of the Land.

11.6 Disbursements to the Developer. The Developer may not disburse to itself any amounts due under this Article 11 from the bank account or accounts

maintained by the Developer pursuant to Article 8 hereof, it being understood and agreed that the amounts due and payable to the Developer under this Article 11 shall be paid directly by the Owner to the Developer.

ARTICLE 12
RENT CREDITS; REIMBURSEMENTS OF ADVANCES, COSTS AND EXPENSES

12.1 Payment by Developer of Rent Credits. If Tenant is entitled to any credit against Base Rent under Paragraphs 2 and/or 7 of Exhibit "C" attached to the Nissan Lease and/or under Exhibit "D" attached to the Nissan Lease, the Developer shall pay to the Owner the amount of such credit. To the extent there exists any Tenant Occupancy Fee not yet funded to Developer, such payment by the Developer to the Owner shall be effectuated by means of a credit against such unfunded Tenant Occupancy Fee until such Tenant Occupancy Fee is reduced to zero, and any remaining such payment by the Developer to the Owner shall be due and payable upon the date(s) that such rent credits are actually effectuated by Nissan against the Base Rent payable under the Nissan Lease.

12.2 Reimbursement by Owner of Advances. The Developer shall not be required to advance any of its own funds for the payment of any costs and expenses incurred by or on behalf of the Owner in connection with the Project, but if the Developer advances its own funds in payment of any of such costs and expenses, the Owner, subject to the provisions of Sections 4.8, 5.2 and 11.6 hereof, shall promptly reimburse the Developer.

12.3 Reimbursement by Owner of Costs and Expenses. At such time as the Owner shall make the initial disbursement of funds following the commencement of on-site development work with respect to the Project and the acquisition by Owner of the Land, the Owner shall reimburse the Developer for all costs and expenses set forth on Exhibit "D" attached hereto and by this reference made a part hereof, all of which costs and expenses the Developer

hereby represents and warrants were incurred and paid by the Developer prior to the date hereof (or will be paid by the Developer in due course) in connection with the Project and are authorized and bona fide expenditures under the Development Budget.

ARTICLE 13
DEFAULT AND TERMINATION

13.1 Default by Developer. Upon the happening of any Event of Default (as hereinafter defined), the Owner shall have the absolute unconditional right to terminate this Agreement by giving written notice of such termination to the Developer. Any one or more of the following events shall constitute an "Event of Default" by the Developer under this Agreement:

(a) If the Developer shall fail to observe, perform or comply in any material respect with any term, covenant, agreement or condition of this Agreement which is to be observed, performed or complied with by the Developer under the provisions of this Agreement, and such failure shall continue uncured for twenty (20) days after the giving of written notice thereof by the Owner to the Developer specifying the nature of such failure, unless such failure can be cured but is not susceptible of being cured within said twenty (20) day period, in which event such a failure shall not constitute an Event of Default if the Developer commences curative action within said twenty (20) day period, and thereafter

prosecutes such action to completion with all due diligence and dispatch;

(b) If the Developer shall make a general assignment for the benefit of creditors;

(c) If any petition shall be filed against the Developer in any court, whether or not pursuant to any statute of the United States or of any State, in any bankruptcy, reorganization, dissolution, liquidation, composition, extension, arrangement or insolvency proceedings, and such proceedings shall not be dismissed within sixty (60) days after the institution of the same, or if any such petition shall be so filed by the Developer;

(d) If, in any proceeding, a receiver, trustee or liquidator be appointed for all or a substantial portion of the property and assets of the Developer, and such receiver, trustee or liquidator shall not be discharged within ninety (90) days after such appointment;

(e) If the Developer shall assign this Agreement or any of its rights or obligations hereunder, without the prior written consent of the Owner; and

(f) If the Developer shall intentionally or willfully fail to perform any of its duties or obligations hereunder, or if the Developer shall misappropriate any funds of the Owner in the possession or control of the Developer or shall otherwise commit an act of fraud against the Owner (except that if such misappropriation of funds or fraud by the

taking is committed by an employee of the Developer, such event may be cured by the Developer if the Developer makes prompt restitution to the Owner and discharges such employee).

13.2 Additional Terminating Event. The Owner shall have the right to terminate this Agreement upon written notice to the Developer in the event the Owner shall elect for any reason whatsoever not to acquire the Land.

13.3 Default by Owner. If the Owner fails to comply with or perform in any material respect any of the terms and provisions to be complied with or any of the obligations to be performed by the Owner under this Agreement, and such failure continues uncured for a period of twenty (20) days after written notice to the Owner specifying the nature of such default (or, in the case of a non-monetary default, such longer period of time as may be needed in the exercise by the Owner of due diligence to effect a cure of any such non-monetary default), then the Developer shall have the right, in addition to all other rights and remedies available to the Developer at law and in equity (including without limitation the right to pursue an action for specific performance), at its option, to terminate this Agreement by giving written notice thereof to the Owner, in which event the Owner shall immediately pay to the Developer, in cash, (i) the sums payable to the Developer upon termination as provided in Section 13.4 hereof, and (ii) the Tenant Occupancy Fee, and upon the payment of such amounts, subject to Sections 9.2, 9.3, 9.7, and 13.5 hereof, the Owner and the Developer shall have no further rights, duties, liabilities or obligations whatsoever under this Agreement.

13.4 Obligation for Fees Upon Termination. Upon any termination of this Agreement, the Owner shall pay to the Developer all amounts due and payable to the Developer as of the date of termination pursuant to the terms of this Agreement (including, without limitation, any accrued but unpaid installments of the Development Fee) less, if this Agreement terminates as a result of an Event of Default, an amount equal to the damages incurred or suffered (or to be incurred or suffered) by the Owner as a result of such Event of Default. Upon

the payment of all such amounts payable under this Section, subject to Sections 9.2, 9.3, 9.7, and 13.5 hereof, the Owner and the Developer shall have no further rights, duties, liabilities or obligations whatsoever under this Agreement.

13.5 Actions Upon Termination. Upon any termination of this Agreement, the Developer shall promptly (a) account for and deliver to the Owner any monies of the Owner held by the Developer, including funds in the bank account or accounts maintained by the Developer pursuant to Article 8 hereof and any funds due the Owner under this Agreement but received after such termination, and (b) deliver to the Owner or to such other person as the Owner shall designate in writing, all materials, supplies, equipment, keys, contracts, documents and books and records pertaining to this Agreement or the development of the Project. The Developer shall also furnish all such information, take all such other action and shall cooperate with the Owner as the Owner shall reasonably require in order to effectuate an orderly and systematic termination of the Developer's duties and activities hereunder. This Section 13.5 of this Agreement shall survive any termination of this Agreement.

13.6 Interest. Payments due and unpaid under this Agreement shall bear interest from the date which is ten (10) days after the due date thereof until paid at the prime rate as published in the Wall Street Journal plus two percent (2%). The prime rate to be used for the calculation of interest shall be the prime rate in effect at the time that payment was due.

ARTICLE 14
OTHER ACTIVITIES OF THE DEVELOPER

The Owner hereby acknowledges that the Developer is engaged in the ownership, development, leasing, sale, and management of commercial properties other than the Project and the Owner hereby agrees that the Developer shall in no way be restricted from, or have any liability to account to the Owner with respect to, such activities, notwithstanding that such activities may compete with, or be enhanced by, the Developer's activities under this Agreement or the Owner's ownership of the Project.

ARTICLE 15
NATURE OF AGREEMENT

The rights and duties granted to and assumed by the Developer hereunder are those of an independent contractor only. Nothing contained herein shall be so construed as to constitute the relationship created under this Agreement between the Developer and the Owner as a mutual agency, a partnership, or a joint venture.

ARTICLE 16
GENERAL PROVISIONS

16.1 Notices. Whenever any notice, consent, approval, demand or request required or permitted under this Agreement, such notice, consent, approval, demand or request shall be in writing and shall be delivered by hand or sent by registered or certified mail, return receipt requested, to the addresses set out below or to such other addresses as are specified by written notice given in accordance herewith, or sent via facsimile transmission to the facsimile numbers set out below or to such other facsimile numbers as are specified by written notice given in accordance herewith:

Owner: Wells Operating Partnership, L.P.
c/o Wells Capital, Inc.
6200 The Corners Parkway
Suite 250
Norcross, Georgia 30092
Fax: (770) 200-8199
Attention: Mr. Michael C. Berndt

with a copy to: Troutman Sanders LLP
600 Peachtree Street, N.E.
Suite 5200
Atlanta, Georgia 30308-2216
Fax: (404) 962-6577
Attention: Mr. John W. Griffin

Developer: Champion Partners, Ltd.
15601 Dallas Parkway
Suite 100
Addison, Texas 75001
Fax: (972) 490-5599
Attention: Mr. Jeffrey L. Swope

with a copy to: Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270
Fax: (214) 745-5390
Attention: Mr. T. Andrew Dow

All notices, consents, approvals, demands or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date on which such notice, demand, or request is so deposited in the United States Mail; those given by facsimile transmission shall be deemed given on the first business day following the date shown on sender's copy thereof showing the proper "answerback" code for the facsimile transmission number to which the notice is sent. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery or on the third calendar day following deposit in the United States Mail, as the case may be.

16.2 Modifications. Neither any change or modification of this Agreement nor any waiver of any term or condition hereof shall be valid or binding on the parties hereto, unless such change, modification, or waiver shall be in writing and signed by the party to be bound thereby.

16.3 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their successors, transferees, and permitted assigns.

16.4 Duplicate Originals. For the convenience of the parties hereto, any number of counterparts hereof may be executed, each such counterpart shall be deemed to be an original instrument, and all of such counterparts shall together be deemed one and the same instrument.

16.5 Construction. This Agreement shall be interpreted, constructed, and enforced in accordance with the laws of the State of Texas. The titles of the articles and sections herein have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of any of the terms or provisions herein. The parties agree that they have both participated equally in the negotiation and preparation of this Agreement and no court construing this Agreement or the rights of the parties hereunder shall be prejudiced toward either party by reason of the rule of construction that a document is to be construed more strictly against the party or parties who prepared the same.

16.6 Entire Agreement. This Agreement is intended by the parties hereto to be the final expression of their agreement with respect to the subject matter hereof and is the complete and exclusive statement of the terms thereof notwithstanding any representation or statement to the contrary heretofore made.

16.7 Assignment. This Agreement shall not be assigned by the Developer without the prior written consent of the Owner, and any such assignment by the Developer without the prior written consent of the Owner shall be null, void and of no force and effect and shall be an Event of Default hereunder. This Agreement shall not be assigned by the Owner without the prior written consent of the Developer, except that Owner shall have the right at any time to assign this Agreement or any of its rights or obligations hereunder to any affiliate of the original Owner or of Wells Capital, Inc. to whom Owner's interest in the Project is conveyed, provided that no such assignment shall relieve the original Owner from any obligations under this Agreement. Upon any such assignment of this Agreement by Owner or Developer, the assigning party shall cause the assignee to expressly assume in writing the assigning party's obligations under this Agreement first arising or accruing after the date of the assignment.

16.8 Authorized Representatives. Any consent, approval, authorization, or other action required or permitted to be given or taken under this Agreement by the Developer or the Owner, as the case may be, shall be given or taken by the authorized representative of each. For purposes of this Agreement, (a) the authorized representative of the Developer shall be Jeffrey L. Swope, Stephen M. Modory, Robert D. Poynor or Jim Stewart; (b) the authorized representative of the Owner shall be Leo F. Wells, III, Michael C. Berndt or Mike Watson. Any party hereto may from time to time designate other or replacement authorized representatives by written notice from its authorized representative to the other parties hereto. The written statements and representations of any authorized representative of the Developer or the Owner shall for the purposes of this Agreement be binding upon such party for whom the authorized representative purports to act, and the other parties hereto shall have no obligation or duty whatsoever to inquire into the authority of any such representative to take any action which he proposes to take, regardless of whether such representative actually has the authority to take any such action; and the Developer and the Owner shall be entitled to rely upon any direction, authorization, consent, approval, or disapproval given by any authorized representative of the Developer or the Owner, as the case may be, in connection with any matter arising out of or in connection with this Agreement or the Project.

16.9 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders; and all terms used herein in the singular shall include the plural, and vice versa.

16.10 Time of Essence. Time is of the essence of this Agreement.

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

"DEVELOPER":

CHAMPION PARTNERS, LTD.,
a Texas limited partnership

By: Champion Holdings, Ltd., a Texas limited partnership, its general partner

By: Champion Interests, Inc., a Texas corporation, its general partner

By: /s/ Jeffrey L. Swope
Name: Jeffrey L. Swope
Title: President

"OWNER"

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

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

By: /s/ Leo F. Wells III
Name: Leo F. Wells III
Title: President

EXHIBIT "A"

DESCRIPTION OR SITE PLAN OF FEE PARCEL COMPRISING LAND

EXHIBIT A

BEING a tract of land situated in the CORDELIA BOWEN SURVEY, ABSTRACT NO. 56, DALLAS County, Texas, and being all of Lot 7, Block C of DFW FREEPORT, 12TH INSTALLMENT, an Addition to the City of Irving, Texas, recorded in Volume 86246, Page 317, Deed Records of DALLAS County, Texas, said tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with "Halff Assoc., Inc" cap (hereafter referred to as "with cap") found for corner at the North end of a right of way corner clip at the intersection of the Northeast right of way line of Esters Boulevard (80 foot right of way) and the Southeast right of way line of Freeport Parkway (100 foot right of way);

THENCE North 54 degrees 19 minutes 10 seconds East, with said Southeast right of way line of Freeport Parkway, a distance of 57.16 feet to a 1/2 inch iron rod with cap found at the beginning of a curve to the left having a radius of

880.59 feet;

THENCE in a Northerly direction, continuing with said Southeast right of way line and along said curve to the left, through a central angle of 44 degrees 00 minutes 00 seconds, an arc distance of 676.24 feet to a 1/2 inch iron rod with cap found for corner;

THENCE North 10 degrees 19 minutes 10 seconds East, continuing along said right of way line, a distance of 87.55 feet to a 1/2 inch iron rod with cap found for corner, said point being the Southwest end of a right of way corner clip at the intersection of said Southeast right of way line of Freeport Parkway and the Southwest right of way line of Regent Boulevard (100 foot right of way);

THENCE North 55 degrees 19 minutes 10 seconds East, along said right of way corner clip, a distance of 25.00 feet to a 1/2 inch iron rod with cap found for corner on said Southwest line of Regent Boulevard;

THENCE South 79 degrees 40 minutes 50 seconds East, along said Southwest right of way, a distance of 402.27 feet to a 1/2 inch iron rod with cap found at the beginning of a curve to the right having a radius of 549.97 feet;

THENCE in a Southeasterly direction, continuing with said Southwest right of way line, along said curve to the right, through a central angle of 43 degrees 56 minutes 10 seconds, an arc distance of 421.73 feet to a 1/2 inch iron rod with cap found at the end of said curve;

THENCE, South 35 degrees 44 minutes 40 seconds East, continuing with said Southwest right of way line, a distance of 88.38 feet to a 1/2 inch iron rod with cap found for corner, said point being the Northern most corner of Lot 6, Block C of said 12th Installment;

THENCE South 54 degrees 19 minutes 10 seconds West, departing said Southwest right of way line and along the Northwesterly line of said Lot 6, passing at a distance of 820.00 feet the Western most corner of Lot 6, also being the Northern most corner of Lot 9B, Block C, DFW Freeport, 12th Installment Revision, an Addition to the City of Irving, Texas, recorded in Volume 94036, Page 4168, Deed Records, DALLAS County, Texas, and continuing along the Northwesterly line of said Lot 9B, in all a distance of 1208.41 feet to an "X" cut in concrete set on said Northeast right of way line of Esters Boulevard;

THENCE North 35 degrees 40 minutes 50 seconds West, with said Northeast right of way line, a distance of 433.97 feet to a 1/2 inch iron rod with cap found at the South end of the aforementioned corner clip at the intersection of Esters Boulevard and Freeport Parkway;

THENCE North 09 degrees 19 minutes 10 seconds East, with said right of way corner clip, a distance of 25.00 feet to the POINT OF BEGINNING and CONTAINING 647,857 square feet or 14.873 acres of land, more or less.

EXHIBIT "B"

DEVELOPMENT BUDGET

	AMOUNT
Shared Budget Items	
Land Price (14.873 acres)	$ 5,546,000.00
Hard Cost Construction Budget	24,150,000.00
A&E Reimbursement to Tenant	75,000.00
Architectural & Engineering Costs	1,405,000.00
A&E Allowance for CAD Drawings	47,400.00
Permits, Fees, Testing, Eng., Legal	250,000.00
Property Taxes during Construction	100,000.00

Subtotal Shared Items	$31,573,400.00
Landlord Budget Items	
Financing Fees and Costs	$ 1,053,600.00
Construction Period and Land Interest	2,153,000.00
Landlord Contingency	1,000,000.00
Administrative Costs and Overhead [1]	4,900,000.00
Subtotal Landlord Items	$ 9,106,600.00
Tenant Budget Items	
Tenant Scope Changes Contingency	$ 750,000.00
Subtotal Tenant Items	$ 750,000.00
TOTAL PROJECT BUDGET [A]	$41,430,000.00

[1] Includes all development and brokerage fees, etc.

EXHIBIT "C"

INSURANCE REQUIREMENTS

This exhibit is attached to and made part of the Development Agreement between WELLS OPERATING PARTNERSHIP, L.P., as Owner, and CHAMPION PARTNERS, LTD., as Developer, dated _____, 2001.

A. Owner's Insurance Requirements.

Throughout the term of this Agreement the Owner shall carry or cause to be carried and maintain in force insurance described in paragraphs 1 through 3 below. The cost of such policies shall be at the sole cost and expense of the Owner.

1. Builder's Risk.

An "All Risk" builder's risk policy including coverage for collapse, flood, earthquake and installation risks written on a completed value basis in an amount not less than total replacement value of the Project under construction (less the value of such portions of the Project as are uninsurable under the policy, i.e., site preparation, abrading, paving, parking lots, etc., excepting, however, foundations and other undersurface installations subject to collapse or damage by other insured perils). Such policy will also include coverage for soft costs including interest expense and loss of rents. Deductible per loss shall be determined by the Owner. Such policy will be endorsed to waive subrogation against the Developer as provided in Section 10.2 of this Agreement.

2. Commercial General Liability and Automobile Liability.

This policy (or policies) shall be written at a total limit of no less than $2,000,000 per occurrence and $5,000,000 Aggregate and will include the following extension of coverage:

a. Broad Form CGL endorsement;
b. X, C and U coverage;
c. Blanket Contractual with exclusions pertaining to completed

operations, explosion, collapse and underground hazards deleted.

3. Boiler and Machinery.

If the Boiler and Machinery equipment is put in service prior to the expiration of the builder's risk policy and prior to certification of building completion the Developer shall notify the Owner so that the Owner may exercise its option to purchase Boiler and Machinery coverage if needed.

B. Developer's Insurance Requirements for Policies Covering Developer.

During the term of this Agreement, the Developer agrees to carry and maintain in force, at the Developer's sole cost and expense, Worker's Compensation and Employer's Liability insurance. Such policy shall be endorsed to waive subrogation against the Owner as provided in Section 10.2 of this Agreement.

C. Insurance Requirements for Architects and Engineers.

The Developer shall require any architect or engineering firm employed by the Owner to carry Professional Liability Insurance in an amount not less than $500,000 per occurrence.

D. Insurance Requirements for All Contractors and Third Party Services.

Every contractor and all parties furnishing service to the Owner and/or the Developer must provide the Developer prior to commencing work, evidence of the following minimum insurance requirements. In no way do these minimum requirements limit the liability assumed elsewhere in this Development Agreement:

1. Worker's Compensation and Employers Liability.

2 Commercial General Liability.

a. Commercial General Liability form, including Premises/Operations, Elevators and Escalators, Independent Contractors, Products - Completed Operations, Personal Injury, (exclusions A and C deleted), Broad Form Property Damage (including Completed Operations), and afford coverage for the X, C and U Hazards.

b. Contractual Liability: Blanket basis insuring the liability assumed under this Development Agreement (coverage must be endorsed so that all exclusions relating to watercraft, railroad property, products and completed operations and explosion, collapse and underground hazards are deleted).

c. Minimum Limits of Liability: Bodily Injury $500,000 each occurrence, $500,000 aggregate; Property Damage $100,000 each occurrence, $1,000,000 aggregate.

3. Comprehensive Automobile Liability.

a. Comprehensive Automobile Liability form, including all Owned, Non-Owned and Hired Vehicles.

b. Limits of Liability: Bodily Injury $1,000,000 each person, $1,000,000 each occurrence; Property damage $1,000,000 each occurrence.

4. Umbrella Liability.

Such insurance provide coverage with limits of not less than $2,000,000 per occurrence/$2,000,000 aggregate, in excess of the underlying coverages listed in 1, 2 and 3 above.

5. Additional Requirements.

a. The Contractor shall require the same minimum insurance requirements, as listed above, of all subcontractors, and these subcontractors shall also comply with the additional requirements listed below.

b. All insurance coverages required as herein set forth, shall be at the sole cost and expense of contractor, subcontractor, or those providing third party services, and deductibles shall be assumed by, for the account of, and at their sole risk.

c. Except where prohibited by law, all insurance policies shall contain provisions that the insurance companies waive the rights of recovery or subrogation against the Owner and the Developer, their agents, servants, invitees, employees, tenants, affiliated companies, contractors, subcontractors, and their insurers.

E. Miscellaneous.

1. Accident Reports.

The Developer shall be completely responsible for reporting to the appropriate insurance carriers and/or their agents all accidents involving injury to employees of any contractor, any member of the public or property damages, provided that the Developer receives a report from the Contractor regarding such accident or otherwise becomes aware of such accident.

EXHIBIT "D"

REIMBURSABLE EXPENDITURES RELATING TO PROJECT

Exhibit D to Development Agreement

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1) Andrews & Barth	Legal Fees	$ 135.00
2) Winstead, Sechrest	Legal Fees	$ 23,814.23
3) Jenkens & Gilchrist	Legal Fees	$ 973.50
4) HBC Engineering	Phase 1 Environmental	$ 1,350.00
5) Reed Engineering	Geotechnical/Soils	$ 4,500.00
6) Thomas Reprographics	Various Copies	$ 1,741.09
TOTAL		$ 32,513.82

EXHIBIT "E"

ESTOPPEL CERTIFICATE

LEASE: Lease Agreement between Wells Operating Partnership, L.P., as Landlord, and Nissan Motor Acceptance Corporation dated September __, 2001, as amended _____

TENANT: Nissan Motor Acceptance Corporation, a California corporation

RENT COMMENCEMENT DATE: _____

DEMISED PREMISES: _____

TO: Wells Operating Partnership, L.P.
6200 The Corners Parkway
Suite 250
Atlanta, Georgia 30092

Ladies and Gentlemen:

The undersigned hereby certifies to you as follows:

1. The undersigned is the "Tenant" under the above-referenced Lease covering the above-referenced Demised Premises. A true, correct and complete copy of the Lease (including all addenda, riders, amendments, modifications and supplements thereto) is attached hereto as Exhibit A.

2. The Lease constitutes the entire agreement between Landlord under the Lease ("Landlord") and Tenant with respect to the Demised Premises, and the Lease has not been canceled, modified, changed, altered or amended in any respect except as set forth on Exhibit A.

3. The Rent Commencement Date under the Lease occurred on _____, 200__, and the term of the Lease will expire on _____, 20__. Tenant has

accepted possession of the Premises and is the actual occupant in possession and has not sublet, assigned or hypothecated all or any portion of or interest in Tenant's leasehold interest. All improvements to be constructed on the Demised Premises by Landlord have been completed and accepted by Tenant and any Tenant construction allowances have been paid in full.

4. As of the date of this Estoppel Certificate, there exists no breach or default, nor state of facts which, with notice, the passage of time, or both, would result in a breach or default on the part of either Tenant or Landlord. To the best of Tenant's knowledge, no claim, controversy, dispute, quarrel or disagreement exists between Tenant and Landlord. Tenant has no offset against the rental due under the Lease.

5. Tenant is currently obligated to pay annual Base Rent of $_____, in monthly installments of $_____ per month. In addition, Tenant is obligated to pay as additional rent, all "Taxes" as provided in Paragraph 7 of the Lease. Tenant has deposited a security deposit of $ None .
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6. Tenant has no option, right of first offer or right of first refusal to lease or occupy any other space within the property of which the Demised Premises are a part.

7. Tenant's "Purchase Option" provided under Section 13 of Exhibit "C" attached to the Lease has terminated and is no longer exercisable by Tenant. Tenant has been granted the right to purchase the "Project" (as defined in the Lease) pursuant to Exhibit "F" attached to the Lease. Except as provided in Exhibit "F" attached to the Lease, Tenant has no option or preferential right to purchase all or part of the Demised Premises (or the real property of which the Demised Premises are a part) nor any right or interest with respect to the Demised Premises other than as Tenant under the Lease.

8. Tenant has fully paid rent and other sums due Landlord through the date hereof, and Tenant has not paid rent more than thirty (30) days in advance. Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other type of rental or other concession except as expressly set forth in the Lease.

9. There has not been filed by or against Tenant a petition in bankruptcy, voluntary or otherwise, any assignment for benefit of creditors, any petition seeking reorganization or arrangement under the bankruptcy laws of the United States, or any state thereof, or any other action brought under said bankruptcy laws with respect to Tenant.

10. All insurance required under the Lease to be obtained and maintained by Tenant has been provided by Tenant, and all premiums due have been timely paid.

11. To the best of Tenant's knowledge, there are no leasing commissions owed with respect to the Lease.

This Certificate may be relied on by Landlord and any other party who acquires an interest in the Demised Premises in connection with any purchase, or any person or entity which may provide financing with respect to the Demised Premises.

Dated this _____ day of _____, 200__.

TENANT:

NISSAN MOTOR ACCEPTANCE
CORPORATION, a California corporation

By:_____

Name:_____

Title:_____

EXHIBIT "F"

TOTAL PROJECT COSTS DEFINED

The term "Total Project Costs" shall mean and include all costs and expenses incurred by Owner in the acquisition of the Land, the designing, engineering, planning, development, construction, installation and completion of the Site Improvements, the Building and the Tenant Improvements, the negotiation and documentation of this Agreement, the Nissan Lease, the Architect's Agreement, the Construction Agreement, and the agreements with the other Owner Consultants, and the financing of all of the foregoing, including, without limitation, the following:

(a) the cost of acquiring the Land, including, without limitation, the purchase price thereof and any commissions, recording costs, transfer taxes, title examination charges, title insurance premiums, survey costs, and costs for environmental and geotechnical studies or reports;

(b) the cost of engineering, architectural, planning, surveying, accounting and other professional fees and expenses;

(c) the cost of developing, constructing and installing the Site Improvements, the Building and the Tenant Improvements;

(d) allowance amounts paid to Nissan or incurred by Owner under the Nissan Lease;

(e) any costs or damages paid to Nissan under the Nissan Lease as a result of the failure of the Project to be completed on or before any milestone dates set forth in the Nissan Lease;

(f) the Development Fee, Leasing Fee, and reimbursable expenses paid to Developer;

(g) the cost of environmental remediation to the extent necessary;

(h) the cost of insurance of all types maintained prior to the Completion Date, including all-risk insurance (in builder's risk form during construction) and all appropriate endorsements, rent loss insurance, commercial general liability insurance, and workers' compensation insurance;

(i) attorney's fees incurred in acquiring the Land, negotiating and documenting this Agreement, the Nissan Lease, the Architect's Agreement, the Construction Agreement, and the agreement with the other Owner Consultants, and developing, constructing and installing the Site Improvements, Building and Tenant Improvements;

(j) leasing commissions incurred by Owner in connection with the

Nissan Lease, except that the commission amount payable to any affiliate of Owner shall be limited as hereinafter provided;

(k) capitalized ad valorem taxes and assessments accruing for the period from the date of acquisition of the Land through the date preceding the Completion Date;

(l) utility installation and tap fees, permit fees, and impact fees;

(m) the cost of utilities incurred prior to the Completion Date;

(n) the cost of payment and performance bonds;

(o) the cost of an as-built survey of the Project obtained after substantial completion of the Project;

(p) the cost of testing and inspections;

(q) financing costs, fees and expenses (including, without limitation, commitment fees, loan origination fees, attorney's fees, appraisal fees, taxes, title insurance premiums, documentary taxes, recording costs, and lender inspection fees) incurred in connection with the acquisition and construction loan obtained by Owner; and

(r) the actual interest accrued under the acquisition and construction loan, if any, obtained by Owner with respect to the Project through the date preceding the Rent Commencement Date under the Nissan Lease (regardless of whether Nissan is actually paying Base Rent or effectuating a credit against Base Rent pursuant to Paragraphs 2 and/or 7 of Exhibit "C" attached to the Nissan Lease or pursuant to Exhibit "D" attached to the Nissan Lease), plus the amount of imputed interest that would accrue on all costs and expenses comprising Total Project Costs (other than interest as provided in this item (r)) incurred by Owner and not funded under the acquisition and construction loan obtained by Owner, calculated from the date Owner incurs such costs and expenses through the date preceding the Rent Commencement Date under the Nissan Lease (regardless of whether Nissan is actually paying Base Rent or effectuating a credit against Base Rent pursuant to Paragraphs 2 and/or 7 of Exhibit "C" attached to the Nissan Lease or pursuant to Exhibit "D" attached to the Nissan Lease) at the rate equal to the rate of interest charged to Owner under Owner's existing line of credit from Bank of America, N.A. (which interest rate is the 30-day adjusted LIBOR rate plus 200 basis points).

In determining the Total Project Costs, there shall be deducted (i) any contribution made to such Total Project Costs by Nissan (whether through direct payment to the Owner or an increase in Base Rent payable to the Owner as Landlord under the Nissan Lease and not taken into account in calculating the Capitalized Rent Amount), and (ii) any proceeds of casualty insurance paid to the Owner (or to the Owner's lender). Notwithstanding anything in this Exhibit "F" to the contrary, (i) the leasing commission amounts payable in connection with the Nissan Lease

(exclusive of the leasing commission payable to The Staubach Company and the Leasing Fee) and the commitment fee and/or origination fee amounts payable in connection with the acquisition and construction loan which are included in the Total Project Costs shall not exceed, in the aggregate, the sum of $828,600.00.

EXHIBIT "G" - PART 1

DEVELOPER'S FINAL, UNCONDITIONAL LIEN
WAIVER AND RELEASE UPON FINAL PAYMENT
(To be provided by Developer at the time of final payment)

STATE OF TEXAS
COUNTY OF DALLAS

The undersigned, Champion Partners, Ltd. ("Developer"), has been engaged under an agreement with Wells Operating Partnership, L.P. ("Owner") to furnish certain materials, equipment, services and/or labor for the construction of improvements known as the Nissan Office Project, together with all improvements and appurtenances attendant thereto, which is owned by Owner and is located in Dallas County, Texas, and more particularly described as follows:_____

_____

_____

(DESCRIBE THE PROPERTY UPON WHICH THE IMPROVEMENTS WERE MADE BY USING EITHER A METES AND BOUNDS DESCRIPTION, THE LAND LOT, DISTRICT, BLOCK AND LOT NUMBER, OR STREET ADDRESS OF THE PROJECT).

The Developer waives and releases any and all liens or claims of liens or any right against any labor and/or material bond it has upon the foregoing described property.

The Developer further represents that all of its obligations, legal, equitable or otherwise, relating to or arising out of its work on the Project have been fully satisfied, including, but not limited to, obligations relating to:

- Subconsultants, employees, laborers, materialmen and subcontractors employed by the Developer;
- Labor, materials, equipment and supplies furnished by others to the Developer; and
- Sales and use taxes, social security taxes, income tax withholding, unemployment insurance, privilege taxes, license fees, and any other taxes and obligations imposed by governmental authorities.

Developer agrees that this waiver and release form is in compliance with all applicable Texas laws and regulations.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID

FOR DEVELOPER:

Applicable to application for payment(s) No. All *

*If all, print "all."
Signed:_____
By:_____
Title:_____
Date:_____

STATE OF TEXAS (S)
(S)
COUNTY OF DALLAS (S)

This instrument was ACKNOWLEDGED before me on _____, 200__, by _____, the _____ of CHAMPION INTERESTS, INC., a Texas corporation, on behalf of CHAMPION HOLDINGS, LTD., a Texas limited partnership on behalf of said partnership as the General Partner of CHAMPION PARTNERS, LTD., a Texas limited partnership, on behalf of

said partnership.

[S E A L]

_____
Notary Public - State of Texas

My Commission Expires:

_____ _____
Printed Name of Notary Public

EXHIBIT "H"

ACTIONS OF DEVELOPER RATIFIED BY OWNER

EXHIBIT "H"

ACTIONS OF DEVELOPER RATIFIED BY OWNER

1. The Development Budget has been approved per Section 4.2.1.

2. The Architect Agreement has been approved for signature per Section 4.2.2.

3. The Architect has been approved per Section 4.2.3.

4. The Project Design Criteria has been approved per Section 4.2.4.

5. Preliminary Boundary Surveys have been approved per Section 4.2.6.

6. Preliminary site Plans have been approved per Section 4.2.7.

7. Preliminary Drawings and specifications have been approved per Section 4.2.8.

8. The Phase 1 Environmental Reports have been approved per Section 4.2.9.

9. The Geotechnical/Soils Reports have been approved per Section 4.2.10.

10. Section 4.3.3 regarding Standard Interior Finishes is Not Applicable.

11. Section 4.3.6 regarding Owner Consultant Schedules is Not Applicable.

12. The General Contractor has been approved per Section 4.3.11 and Section 4.3.13.

13. The Construction Agreement has been approved for signature per Section 4.3.12.

14. Builder's Risk Insurance will be provided by the General Contractor per Section 4.5.14.

EXHIBIT "I"

NISSAN LEASE TAKEOVER AND LAND PURCHASE

Pursuant to a Developer Agreement and an Option Agreement between Nissan

and Developer (copies of which agreements have been provided to Owner), Developer has agreed to incur certain lease takeover obligations and land purchase obligations as described in the Champion Memorandum dated July 30, 2001 (the "Memorandum"). For purposes of this Exhibit "I", the term "Total Lease Takeover Net Costs" shall be defined as the aggregate net costs, if any, actually incurred by Developer with respect to the lease takeover obligations and the land purchase and eventual resale as set forth in the Memorandum. In the event no net costs are so incurred or in the event a net benefit is actually achieved, then the Total Lease Takeover Net Costs shall be deemed to be zero.

If any unfunded amounts remain in the Development Budget line items for "Landlord Contingency" and "Construction Period and Land Interest" upon the Completion Date and the final calculation of Total Project Costs, then such aggregate unfunded amounts (the "Reserve Account") shall be treated in the following order of priority:

(A) First, there shall be deducted from the Reserve Account up to $100,000 of any unfunded amount remaining in the Development Budget line item for "Construction Period and Land Interest", and the amount so deducted shall be retained by Owner;

(B) Second, Developer shall be entitled to receive that amount of the remaining balance, if any, of the Reserve Account upon the Completion Date and the final calculation of Total Project Costs such that the amount of the Tenant Occupancy Fee payable to Developer equals One Million and No/100 Dollars ($1,000,000.00);

(C) Next, for a period of up to eighteen (18) months following the Completion Date and the final calculation of Total Project Costs, Developer shall have the right to use the remaining balance, if any, of the Reserve Account (thereby increasing the Tenant Occupancy Fee) up to that amount which brings the Total Lease Takeover Net Costs to a zero balance; and

(D) Thereafter, upon the earlier of (i) the date eighteen (18) months following the Completion Date and the final calculation of Total Project Costs, or (ii) the date upon which the Total Lease Takeover Net Costs have been brought to a zero balance, fifty percent (50%) of the remaining portion, if any, of the Reserve Account shall be promptly funded to Developer as the final payment of its Tenant Occupancy Fee, with the other fifty percent (50%) being retained by Owner.

EXHIBIT 10.98

ARCHITECT AGREEMENT FOR THE NISSAN PROPERTY

ARCHITECT AGREEMENT

By and Between

WELLS OPERATING PARTNERSHIP, L.P.

and

HKS, INC.

for the

NISSAN PROJECT

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ARCHITECT AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of the 19/th/ day of September, 2001 between WELLS OPERATING PARTNERSHIP, L.P (hereinafter referred to as "Owner"), and HKS, INC., a Texas corporation (hereinafter referred to as "Architect"), for the performance of architectural services in connection with the design, development and interior finish of a three (3) story mid-rise office building consisting of approximately two hundred sixty-eight thousand two hundred ninety (268,290) gross square feet, together with parking containing no fewer than one thousand fifty-six (1,056) parking spaces and related improvements, to be located on a 14.8 acre site at 8900 Freeport Parkway in Irving, Dallas County, Texas and currently intended to be referred to as The Nissan Motor Acceptance Corporation project (the "Project").

WHEREAS, Owner, without assuming, limiting or altering any of Architect's duties, obligations or responsibilities, has engaged Champion Partners, Ltd. to act as developer ("Developer") on behalf of Owner in connection with the Project; and

WHEREAS, Architect acknowledges the role of Developer as set forth herein and agrees that Architect can and will perform in the manner contemplated by this Agreement;

WHEREAS, Developer has been engaged to act as the developer of the Project, and in its capacity as the developer requires the services of an architectural firm capable of providing professional design, architectural, engineering and contract administration services of the highest quality; and

WHEREAS, Architect agrees that it possesses the experience and expertise necessary to provide such services and that it is capable meeting Owner's requirements for the Project as set forth in this Agreement; and

WHEREAS, Architect is willing to undertake performance of the services described herein for the compensation set forth and to commence and complete such services in accordance with the terms hereof; and

WHEREAS, Owner, in reliance thereon is willing to award this Agreement to Architect and to satisfy the obligations of Owner set forth herein;

NOW, THEREFORE, in consideration of the agreements, obligations and undertakings herein contained, the Owner and the Architect agree as follows:

ARTICLE 1
ARCHITECT'S SERVICES AND RESPONSIBILITIES

1.1 Architect agrees to and shall perform all architectural and other professional design services for the Project, including but not limited to the Basic Services (as hereinafter

defined), and to the extent requested by Owner, the Additional Services set forth in Article 3 hereof.

1.2 Architect acknowledges that it is solely responsible for the design of the Project and that neither the rights of Owner of approval nor the granting of any approval shall be deemed to relieve Architect from such responsibility or constitute a waiver by Owner of any claim arising out of Architect's failure to meet such responsibility. Architect further acknowledges that it has received and reviewed the descriptions, requirements, considerations, objectives, parameters, criteria and preliminary details of the Project (the "Design Criteria") attached hereto and incorporated herein as Exhibit A, and that it participated in the preparation, design and development of the Design Criteria and is fully familiar with it. Architect agrees that its design, drawings and specifications for the Project shall conform with the Design Criteria; provided, however, that nothing herein shall relieve Architect of responsibility for the design of the Project, and provided further that no feature, item or detail shown or provided for in the Design Criteria shall be deemed waived by Owner merely by its approval of any design, drawing, specification or other documents inconsistent with or failing to include features requested by the Design Criteria, any such waiver to be accomplished only by an express written waiver by Owner following request therefor by Architect. The foregoing shall not limit Owner's right to require changes in the Project which vary from the criteria or details of the Design Criteria; provided, however, any such changes shall be pursuant to a written agreement or a directive from the Owner (or through its Developer) then or contemporaneously therewith reduced to writing and approved by or on behalf of Owner. Matters of routine coordination between consultants or the contractors, when consistent with the Design Criteria or approved changes, shall not constitute changes in the Project requiring the foregoing written agreement or approval.

1.3 Architect's Basic Services consist of all services falling within the scope of the five phases described in Article 2 hereof. Basic Services shall include, without limitation, all architectural, civil, structural, mechanical, electrical, plumbing, interior design and engineering services necessary to produce a complete and accurate set of construction documents, drawings and specifications as described and required herein, and any other services included under Article 16 as part of the Basic Services, all consistent with the Design Criteria. Architect's Basic Services include the interior tenant finish design as well as that required for base building and building shell construction, and requires Architect to provide all services of interior design necessary to allow "turn-key" construction of the Project and occupancy by its tenant as required by the Design Criteria set forth in Exhibit A. No phase of the services shall begin until authorization has been given to Architect to proceed to the next phase.

1.4 Architect agrees that it and its employees, agents and consultants have all the education, skills, knowledge, expertise and experience necessary to perform all of the services required of the Architect under this Agreement, that it is experienced in performing and providing such services on projects of the type, size, scope and complexity of the Project, and that it is professionally licensed and registered in the State of Texas, and meets and is in compliance with all applicable professional and industry standards, practices and requirements. Architect also agrees that it and its employees, agents and consultants are thoroughly familiar with, and shall exercise professional efforts to cause the Project to comply with, all applicable laws, codes, ordinances, rules and regulations applicable to the design of the Project, including without limitation the Americans with Disabilities Act and the Texas Accessibility Standards in

accordance with the standard of care employed by reasonably prudent architects providing similar services in connection with projects of similar scope in the State of Texas. Architect shall at all times maintain on its staff and assign to the Project sufficient, qualified personnel so that all required services are performed within the time limits established hereunder, and for the sum set forth herein. Architect shall submit to Owner a complete list of all personnel and consultants assigned to the Project, including each person's Direct Personnel Expense category (as hereinafter defined), and shall indicate thereon the jobs, tasks or assignments for which they are primarily responsible. Architect shall not remove, reassign, replace or make any other changes in the personnel and consultants assigned to the Project without the prior written consent of Owner. The foregoing notwithstanding, Owner shall have the right to, at any time, require the Architect to remove, reassign or replace any personnel or consultants whose assignment to the Project is objected to by Owner. All services provided by, through or under Architect shall be performed in accordance with the standards and quality of professional skill and care applicable to nationally recognized architectural and/or engineering firms providing services for projects of comparable size, quality, complexity and value.

1.5 Architect's services shall be performed as expeditiously as possible consistent with the professional skill and care required hereunder and the orderly progress of the Work. Architect shall be responsible for completion of the various aspects and phases of its services within the applicable time limits specified in Exhibit D hereto or elsewhere in this Agreement. No later than ten (10) days after request from Owner, Architect shall submit a proposed schedule for the performance of the various services, which shall comply with the requirements of Exhibit D hereto. Such schedule, as modified to the satisfaction of and approved by Owner and Architect, shall constitute the "Project Schedule." The Project Schedule shall include, among other things, an outline of the timing required to complete the various design phases through issuance of the Contract Documents, allowances for all periods of time required for all reviews and actions by the Developer, the Owner (as hereinafter defined) and the lender, if any, and for preparation and approval of all submissions to the governmental authorities having jurisdiction over the Project. The Project Schedule shall be consistent with the time limits specified by the Owner or otherwise set forth in Exhibit D hereto or elsewhere in this Agreement.

1.6 Architect shall strictly adhere to the time limits established by the Project Schedule. The Project Schedule shall be revised from time to time as requested by Owner to take into account the current status and condition of the Architect's services, construction activities and the Project; provided, however, no adjustment in the specified time limits will be allowed without Owner's prior written consent, except as provided below. Architect will provide Owner with weekly progress reports in a form acceptable to Owner.

1.7 Time is of the essence in this Agreement. The time limits specified in this Agreement for completion of the various portions of the Architect's services may be extended only if and to the extent that such limits cannot be met because of unreasonable delays by the Developer and/or Owner in giving any directions or taking any other actions required of the Developer or Owner hereunder or because of other causes which Architect could not reasonably anticipate, avoid or control and which are of an unusual and extreme nature. If the Architect wishes to make a claim for an extension of any time limit, the Architect must submit its claim in

writing to the Owner within seven (7) days after the event or cause forming the basis for the claim first occurs or arises. In the event any such claim is not

submitted in the time and manner required, the Architect will be deemed to have waived any right to an extension of time based on such event, cause or occurrence, and will be required to meet the time limit in question. No adjustment or extension of time shall be effective unless accepted in writing by Owner.

1.8 Before commencing its services, the Architect shall assemble all necessary information and documents and shall perform all reviews, and request any required inspections and test necessary, to properly prepare all documents required under this Agreement. All documents required herein shall be prepared to the reasonable satisfaction of the Developer, the Owner and lender (if applicable), and shall be in full compliance with the applicable requirements of all governmental authorities having jurisdiction over the Project. Architect shall furnish the Owner with such copies of the documents and materials prepared by the Architect during the various stages of the design and construction phases as Owner shall request.

1.9 Architect understands and acknowledges that Developer is not and will not be the owner of the Project or of the property on which it is located. Developer is acting only as Owner's developer for development and construction of the Project. Architect and Owner hereby acknowledge and agree that Developer is intended to be and shall be a third party beneficiary to this Agreement, and may enforce all of the rights, remedies and privileges of Owner hereunder. It is further understood and agreed that Owner and its Developer have certain duties and obligations to Nissan Motor Acceptance Corporation, the intended tenant of the Project. Architect shall assist and cooperate with the Owner and Developer in satisfying the requirements of the tenant and shall make such presentations, attend such meetings and incorporate such modifications to the design as may be requested to allow Developer and Owner to meet their respective obligations, subject to the provisions hereof regarding Basic and Additional Services. Architect shall not, however, take instruction or direction from or perform any Additional Services based on request from any person other than Owner or its Developer, nor shall Architect be entitled to any additional cost or extension of schedule in the event thereof.

ARTICLE 2
BASIC SERVICES

Architect's Basic Services shall consist of the Schematic Design Phase, the Design Development Phase, the Construction Documents Phase, the Construction Procurement Phase and the Construction Phase. Architect shall promptly commence and diligently continue the services to completion in accordance with Exhibit D
----
hereto and the Project Schedule. Architect shall be responsible for completeness and accuracy of its services and shall correct all errors or omissions at its own expense. If the negligence or acts or omissions of Architect result in a claim against Developer or Owner, Architect shall indemnify and hold Developer and Owner harmless as provided herein.

2.1 Schematic Design Phase

2.1.1 Architect shall assist in developing a program for the Project and in ascertaining the requirements of the Project. Owner shall review the Design Criteria with the Architect and Architect shall incorporate Owner's requirements for the Project.

2.1.2 Architect shall provide a comprehensive written preliminary evaluation of the Project's program and schedule requirements, each in terms of the other, subject to the limitations set forth in Paragraph 4.1.

2.1.3 Architect shall review with the Owner and advise on the alternative approaches to all aspects of design and construction of the Project in order to maximize design quality, technical performance and cost efficiencies.

2.1.4 Based on the Project's program and schedule requirements established in accordance with Subparagraphs 2.1.1, 2.1.2 and 2.1.3, including any amendments thereto agreed upon in writing by the Owner, Architect shall prepare and submit to Owner Schematic Design Documents consisting of: site plans, building plans, sections and elevation drawings; drawings and other documents illustrating the scale and relationship of Project components and containing sufficient information to establish the general scope of the Project and the interrelationship of all major components; a preliminary outline specification of the Project; and an outline of additional information, if any, required from the Owner in order for the Architect to perform the services required of Architect hereunder. Architect shall prepare and submit for approval both preliminary and, based on Owner's comments, final packages of Schematic Design Documents.

2.1.5 Architect shall be responsible for contracting the services of Architect's engineering and design consultants, and by this Agreement assumes responsibility for the coordination of and the results obtained from all such engineering and design consultants for the Project, excluding Owner's or Developer's separate consultants. Specifically, Architect shall provide all civil, structural, mechanical, plumbing, landscaping, fire protection performance specifications, and electrical engineering services required for the Project. This coordination and responsibility is included within the Architect's Basic Services.

2.1.6 Architect shall assist Owner in analyzing and evaluating the possible site locations for the Project and shall assist Owner in evaluating and planning for the preservation or disposition of any existing facilities thereon.

2.1.7 Architect shall meet with Owner as necessary to establish a full understanding of the scope of the Project. Architect shall visit the site of the Project and make a review of the site and surrounding conditions, and will consult with representatives of all governmental authorities having jurisdiction over the Project to ascertain what permits and approvals must be obtained and inform Owner if any special tests, inspections or certifications will be required in order to obtain such permits, approvals or certificates of occupancy, and shall consult with representatives of the utility companies which are to provide utility services to the Project to ascertain their requirements for furnishing such services.

2.1.8 Schematic Design Documents shall indicate the general description of the Project; the architectural, structural, mechanical and electrical schemes; the rough outlines of the building to be erected as part of the Project; preliminary plans of all sitework; and a statement as to the extent, if any, that the Design Criteria does not conform to legal requirements.

2.1.9 Architect's Schematic Design shall comply with the requirements and intent of and be consistent with the Design Criteria.

2.2 Design Development Phase

2.2.1 Based on Schematic Design Documents satisfactory to Owner and any amendments to the program or schedule which are authorized in writing by the Owner, Architect shall prepare and submit to Owner Design Development Documents consisting of: site plans, elevation plans, circulation plans, floor plan layouts, cross sections, and other drawings and documents which will further refine the design concept and fix and describe the size and character of the entire Project; the architectural, structural, civil mechanical and electrical systems; the Project's essential components and materials; and such other elements as may be appropriate.

2.2.2 Architect shall update and submit to the Owner the Project Schedule for the remaining Design Development Documents for the Project; provided such shall not extend any date required by Exhibit D hereto without

Owner's written approval.

2.2.3 The Design Development Documents shall illustrate and describe refinement of the design from the Schematic Design Documents, and establish the scope, relationships, forms, size and appearance of the Project by means of plans, sections and elevations, typical contribution details and equipment layouts. The Design Development Documents shall include specifications that identify major materials and systems, and establish their quality levels. Architect shall prepare and submit for approval both preliminary and, based on Owner's comments, final packages of Design Development Documents.

2.2.4 All Design Development Documents and all other drawings, specifications or other documents furnished by Architect hereunder shall comply with all applicable codes, laws, ordinances, rules or regulations applicable to, controlling or affecting the design or use of the Project, including without limitation the Americans with Disabilities Act and the Texas Accessibility Standards. During the Design Development Phase, Architect shall promptly notify the Owner if any revisions to the drawings, specifications or other documents are required to conform the documents to existing codes, laws, ordinances, rules or regulations, or if amendments to the applicable codes, laws, ordinances, rules or regulations enacted after their preparation will require revisions to the drawings, specifications or other documents.

2.2.5 Unless previously commenced, the Architect shall begin and then proceed to complete preparation of plans, layouts, specifications and other drawings and documents for the design, character, constituency and construction of the interior improvements.

2.2.6 Architect's Design Development shall comply with the requirements and intent of and be consistent with the Design Criteria.

2.3 Construction Documents Phase

2.3.1 Based on the Design Development Documents and any further amendments in the scope or quality of the Project or in the Project's program or schedule requirements which are authorized in writing by the Owner, Architect shall prepare and submit the Construction Documents to Owner, consisting of final Drawings and Specifications setting forth in detail all requirements for the construction of the Project. The Drawings and Specifications shall include all necessary and appropriate depictions, renderings and descriptions for the performance and completion of construction of the Project in accordance with the Project's program and schedule requirements, and in a manner that is consistent with the design integrity of the Project. Architect shall prepare and submit for approval both preliminary and, based on Owner's comments, final packages of Construction Documents. All Construction Documents and all other drawings, specifications or other documents furnished by Architect hereunder shall comply with all applicable codes, laws, ordinances, rules or regulations applicable to, controlling or affecting the design or use of the Project, including without limitation the Americans with Disabilities Act and the Texas Accessibility Standards.

2.3.2 Architect shall assist Owner in the preparation of the necessary bidding information, bidding forms, general and/or supplementary or special conditions of the contract for construction, and the forms of agreement between the Owner and the construction contractor, but the final terms and conditions of those documents shall be determined by the Owner.

2.3.3 Architect shall assist Owner in preparation and analysis of bid packages for the purchase of specific items.

2.3.4 Architect shall assist the Owner in assembling and submitting all information and documents that may be necessary to obtain all permits, licenses and approvals that are required from the governmental authorities and

public or private utilities having jurisdiction over the Project. Architect shall furnish to Owner all architectural/engineering data and documents necessary to secure all such permits, licenses and approvals. Architect shall also provide all necessary plans and studies relating other mechanical and engineering data as may be required for obtaining building permits and/or certificates of occupancy. The Architect's reasonable time in attending normal hearings before planning boards, commissions, agencies and other state, county and municipal authorities to obtain approvals relative to the design or construction of the Project and the issuance of the building permit and the certificates of occupancy, are included within the Basic Services.

2.3.5 Architect's Construction Documents shall comply with the requirements and intent of and be consistent with the Design Criteria.

2.4 Construction Procurement Phase

2.4.1 Architect shall assist Owner in soliciting and obtaining bids or negotiated proposals and shall assist Owner in awarding and preparing contracts for construction.

2.4.2 Without limitation of the foregoing, the Architect shall:

(a) issue bidding and proposal requirements to all potential contractors;

(b) receive and analyze any questions from contractors, transmit such questions and the Architect's recommended answers in writing to the Owner for response, and issue any required addenda to the bidding and proposal requirements; and

(c) receive and analyze bids and proposals and make recommendations in writing to the Owner as to the award of the construction contract. Such recommendations shall include detailed reasons for the Architect's recommendations and a summary of the Architect's opinions as to the positive and negative factors relating to each bid and/or proposal.

2.4.3 Whenever the scope of the Project contemplates alternate, separate or sequential bids or proposals, or whenever Developer or Owner purchased items are anticipated, a reasonable level of Architect's preparation and assistance in obtaining bids or negotiating proposals in connection therewith is included within the Architect's Basic Services. In the event extensive involvement beyond that which is normal and customary is required for reasons unrelated to Architect, Architect may request Additional Services therefor pursuant to the procedures set forth herein, which shall be subject to Owner's prior approval.

2.5 Construction Phase - Administration of the Construction Contract

2.5.1 The Construction Phase will commence with the award of the first contract for construction for the Project and will terminate upon final completion of the Project and acceptance of the Project in full by the Owner.

2.5.2 Architect shall provide administration of the contract for construction as set forth below and set forth in the applicable provisions of the General Conditions of the Construction Contract between the Owner and the Contractor (a copy of the standard form of which is attached hereto as Exhibit B). All portions of the General Conditions setting forth any rights, duties, obligations or liabilities of the Architect with respect to the Project and its construction are incorporated by reference into this Agreement. Without limitation of the foregoing, the Architect shall perform all services and

functions which it is authorized to perform in those documents. In furtherance of these obligations, the Architect shall have a competent representative present at the site as required in Paragraph 2.5.4 hereunder. Such representative

shall be a person who is consented to by the Owner, and such representative shall not be replaced without Owner's consent. Such consent(s) may be granted or withheld by the Owner in its sole and absolute discretion. Terms having the initial letter thereof capitalized but not defined herein shall have the meaning set forth in such General Conditions.

2.5.3 Architect shall assist Owner during the Construction Phase, and shall regularly advise and consult with the Owner. Architect shall have authority to act on behalf of the Owner only to the extent provided in the Contract Documents.

2.5.4 Architect shall observe and review construction as it progresses. Architect shall be familiar with the progress and quality of the Project and shall determine if the Project is being constructed in accordance with the Contract Documents. Architect shall keep Owner informed of the progress and quality of the Project and any potential problems of which it becomes aware or of which it should be aware in the exercise of its professional efforts. In this regard, Architect shall regularly visit the site an average of once per week. Architect shall attend job site meetings, in conjunction with its visits to the site where possible, and shall submit to the Owner weekly written progress reports. Architect shall not be responsible for construction means and methods, sequences, techniques, procedures ands safety precautions.

2.5.5 Architect shall at all times have access to the Project wherever it is in preparation or progress. Architect shall monitor and regularly report in writing to Owner the number of hours Architect spends during the Construction Phase.

2.5.6 Architect shall have responsibility to review, evaluate and approve all applications for payment submitted by Contractor from time to time based on the progress and quality of the Project and Contractor's Applications for Payment and supporting materials, and shall, within ten (10) days following receipt of any such application for payment, if appropriate, approve, execute and deliver to Owner Certificates for Payment in such amounts, as provided in the Contract Documents.

2.5.7 The issuance of a Certificate for Payment shall constitute a representation by Architect to Owner that (i) the Work has progressed to the point indicated, (ii) to the best of Architect's knowledge, information and belief the quality of the Work is in accordance with the Contract Documents, (iii) to the best of Architect's knowledge, information and belief the constructed Work is in compliance with all applicable laws, codes, ordinances, rules and regulations; and (iv) Contractor is entitled to payment in the amount certified.

2.5.8 Architect shall be the interpreter of the requirements of the Drawings and Specifications. Architect shall have primary responsibility to issue drawings, instructions and data as may be required to properly interpret the Drawings and Specifications for the proper execution or progress of the Project with reasonable promptness on written request of either the Owner or the Contractor.

2.5.9 Interpretations and decisions of the Architect shall be consistent with the intent of and be reasonably inferable from the Contract Documents and shall be in written or

graphic form. Architect shall timely provide Owner and Contractor with a copy of each such written interpretation or decision.

2.5.10 Architect and Owner shall mutually arrive at decisions on matters relating to artistic effect, consistent with the intent of the Contract Documents.

2.5.11 Architect shall exercise reasonable professional efforts to guard Owner against any defects or deficiencies in the Work of Contractor or any other persons performing Work at the Project and shall have the responsibility and authority to reject Work that does not conform to the requirements of the Contract Documents, or which is not in compliance with applicable laws, codes, ordinances, rules and regulations. The Architect will have the responsibility and authority to reasonably request special inspection or testing of the Work, in accordance with the provisions of the Contract Documents, whether or not such Work is fabricated, installed or completed. If Architect becomes aware that construction of the Project when completed will not be in accordance with the Contract Documents, the Architect shall notify the Owner.

2.5.12 Architect shall review and approve or take other appropriate action upon the Contractor's Submittals such as Shop Drawings, Product Data and Samples for conformance with the Contract Documents and compliance with applicable laws, codes, ordinances, rules and regulations. Such action shall be taken with reasonable promptness so as to cause no unreasonable delay.

2.5.13 Architect will prepare Change Orders for Owner's execution as provided in the Contract Documents upon the request of Contractor with the consent of Owner.

2.5.14 Architect shall conduct inspections to determine the dates of Substantial and Final Completion and, upon Owner's request, if appropriate, shall approve, execute and deliver a final Certificate for Payment, in accordance with the provisions of the Contract Documents.

2.5.15 Architect shall assist Owner, as reasonably required, in resolving any problems encountered with respect to actual field conditions, including making appropriate modifications to the details show on the Drawings and Specifications, as necessary.

2.5.16 Architect shall prepare, execute, and deliver such reasonable opinions as to the status and progress of construction as may be required by Owner, any governmental authorities or, if applicable, Project lender(s) in such form as shall be reasonably required by Owner or such party. In the event only a temporary certificate of occupancy on the Project is issued, Architect shall prepare and submit to Owner for its review, opinions as may be reasonably requested by the Owner in enumerating the items required to obtain a permanent certificate of occupancy, the date said items are expected to be completed, and the expected cost of completing such work.

2.5.17 Architect shall attend meetings as necessary with representatives of Owner and other designated parties as may be reasonably required by Owner, or as otherwise may be necessary or appropriate, in connection with any reviews or discussions of the Work or any related matters. If requested by Owner, Architect also shall prepare and distribute minutes of all such meetings to Owner, all attendees and all other involved parties. Architect shall attend job meetings, if necessary or appropriate, or if directed by Owner.

2.5.18 Whenever Architect has reason to believe that any portion of the Work when completed may be defective, deficient or not in accordance with any of the requirements of the Contract Documents, or that there may be any other non-compliance with any of the requirements of the Contract Documents or any non-compliance with applicable laws, codes, orders, ordinances, rules or

regulations, Architect shall immediately give written notice thereof to Owner. Architect shall use its professional skills and efforts in reviewing and observing the portions of the Work and all submittals made in connection therewith and shall report any inconsistencies, defects, deficiencies, non-conformity or non-compliance therein, and shall promptly reject or disapprove all such Work and submittals.

2.5.19 Whenever Architect has become aware that any Subcontractor, Sub-subcontractor, or other person, organization or entity furnishing any labor, services, or materials in connection with the Work has not been paid when and as due, or that any dispute or controversy may exist between or among any two or more of the Contractors, any Subcontractors, any Sub-subcontractors, and any other such person, organization, or entity, Architect shall immediately give written notice thereof to Owner.

2.5.20 Architect shall consult with Owner and, as part of the Basic Services, make such modifications in and prepare such additional Drawings, Specifications and/or other documents as may become necessary or appropriate from time to time because of any (i) inconsistency identified by Contractor during the construction phase of the Project, (ii) error, inconsistency, omission or deficiency in the Drawings, Specifications and/or other documents prepared by, through, under or on behalf of Architect, or (iii) inconsistency, defect, deficiency, non-compliance or non-conformity in any portion of the Work or any item submitted in connection therewith to the extent that Architect knew or in the proper exercise of professional care should have known of such problem and failed to give Owner written notice of the affected Work so as to allow Owner to stop the Work and avoid further damage and expense.

2.5.21 If there is more than one contractor performing the Work or if any portion of the Work is being performed by the Developer's, the Owner's or any tenant's own forces, the Architect shall advise the Owner at the Construction Procurement Phase whether, to the best of the Architect's professional knowledge and judgment, unusual or critical conditions will be created by the use of multiple contractors to provide portions of the Work and shall advise the Owner with respect to any necessary or desirable contract provisions to accommodate the same.

2.5.22 When the Project is substantially complete, the Architect shall prepare and deliver to Owner and the Contractor, final punch lists of items requiring completion, replacement or correction.

2.5.23 Architect shall assist Owner in assembling all documents required for Project close-out. Architect shall review all warranties and guarantees to determine if they comply with the requirements of the Contract Documents.

2.5.24 Prior to commencement of construction, Architect shall provide Owner with three (3) sets of producible Drawings and Specifications, as finally approved as part of Basic Services. Architect shall update such Drawings and Specifications throughout the course of construction to show all authorized design changes and shall provide Owner with three (3) sets plus one (1) reproducible set of updated Drawings and Specifications upon completion and acceptance of the Project.

2.5.25 When requested by Owner, Architect shall prepare plans and specifications for bidding purposes prior to completion of construction documents. Such documents should be sufficiently detailed to serve as the basis for initial subcontract negotiations and shall allow for the incorporation of revisions facilitating cost reductions.

2.5.26 On an infrequent basis, from time to time as may be reasonably requested by Owner, Architect shall meet with representatives of Owner, and such other party(ies) as Owner may elect, to discuss and review with Owner and such other party(ies) matters relating to the Project within the

duties of Architect hereunder. Architect will give Owner immediate notice of any requested meetings.

2.6 Included Basic Services

Architect's Basic Services include, without limitation, each of the following to the extent required during any Phase of Basic Services:

2.6.1 Providing documents for reasonable alternate bids to the extent Architect believes to be necessary in its opinion for the purpose of controlling construction costs.

2.6.2 Revisions to Drawings, Specifications or other design documents, at whatever stage or phase, required to satisfy the Design Criteria or to obtain bids within the construction budget for the Project, except to the extent that any required revision is inconsistent with approvals or directions of Owner or its Developer issued after the completion of the Design Development Phase.

2.6.3 Providing opinions, reviews, disclosures and other documentation reasonably required by any Lender of Developer, Owner or Owner's tenant for the Project.

ARTICLE 3
ADDITIONAL SERVICES

3.1 The following services are not included in Basic Services unless so identified in Paragraphs 2.1 through 2.6 above or in Article 15 hereof. Such services shall be provided if authorized in writing by the Owner, and they shall be paid for as provided in this Agreement, in addition to the compensation for Basic Services.

3.1.1 Furnishing, to the extent necessary in its opinion, the services of soil engineers or other consultants, such services shall include test borings, test pits, soil bearing values, percolation tests, air and water pollution tests, ground corrosion and resistivity tests, including necessary operations for determining sub-soil, air and water conditions, with reports and appropriate professional recommendations.

3.1.2 Providing environmental studies or comparative studies of prospective sites.

3.1.3 Providing services for future facilities, systems and equipment which are not intended to be constructed during the Construction Phase, provided, however, that Architect's design shall recognize and accommodate potential expansions disclosed to Architect or included in the Design Criteria, all of which is within the scope of Basic Services.

3.1.4 Providing analyses of owning and operating costs or detailed quantity surveys or inventories of material, equipment and labor.

3.1.5 Providing services related to the selection, procurement or installation of furniture and furnishings.

3.1.6 If the Owner requests a change in the scope or nature of the Project, the Architect shall furnish Owner with a not to exceed price for any additional compensation, and the effect, if any, of such change on the scheduled completion dates of the design services for the Project. Architect shall not initiate any work on any change until Owner agrees in writing to Architect's proposal for such change.

3.1.7 Providing consultation concerning replacement of any Work damaged by fire or other casualty during construction, and furnishing services as may be required in connection with the replacement of such Work.

3.1.8 Providing services made necessary by the default of the Contractor, or by major defects or deficiencies in the Work of the Contractor, or by failure of performance of Contractor under any contract for construction, except to the extent that the Architect or anyone performing by, through, under or on behalf of Architect failed to perform any of its obligations under this Agreement and such other default, defect, deficiency or failure could have been avoided or minimized had the Architect properly performed its obligations.

3.1.9 Providing written estimates of cost savings or increases, or construction delays in completion of the Project, which may result from a Change Order requested by Owner or Developer.

ARTICLE 4
OWNER'S RESPONSIBILITIES

4.1 Owner shall consult with Architect regarding the requirements for the Project, including the design objectives, constraints and criteria, space requirements and relationships, flexibility and expandability, special equipment and systems and site requirements.

4.2 Owner shall furnish or cause to be furnished a budget for the Project which shall include contingencies for bidding, changes in the Work during construction, and other costs which are the responsibility of Owner, including those described in this Article 4.

4.3 Owner shall designate one or more persons authorized to act on Owner's behalf with respect to the Project. Owner shall render decisions pertaining to the documents submitted by Architect promptly in order to avoid unreasonable delay in the progress of the Architect's services.

4.4 Owner shall furnish or cause to be furnished a legal description and land survey of the site, giving, as necessary and applicable, grades and lines of streets, alleys, pavements, and adjoining property; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and complete data pertaining to existing buildings, other improvements and trees; and full information concerning available service and utility lines both public and private, above and below grade, including inverts and depths.

4.5 Owner shall furnish or cause to be furnished structural, mechanical, chemical and other laboratory tests, inspections and reports as required by the Contract Documents. Architect shall be required to advise Owner in writing when it determines that any such tests are necessary.

4.6 Owner shall furnish or cause to be furnished all legal, accounting and insurance counseling services as Owner may require at any time for the Project, including such auditing services as Owner may require to verify the Contractor's Applications for Payment or to ascertain how or for what purposes the Contractor uses the monies paid by or on behalf of Owner. The foregoing services are provided by Owner for the sole benefit of Owner and are not provided for the benefit of Architect. Architect shall be responsible for any and all legal, accounting or insurance requirements of Architect.

4.7 The services, information, surveys and reports required by Paragraphs 4.4 through 4.5 inclusive shall be furnished without charge to Architect, and Architect shall be entitled to rely upon the accuracy and completeness thereof except to the extent that Architect knows or in the proper exercise of professional care should have known of any inconsistency, defect or deficiency therein. Architect shall review all information, surveys, reports and materials supplied

by Owner and shall give written notice to the Owner of any inaccuracy, error or omission, which Architect observes.

4.8 If Owner discovers any fault or defect in the Project or nonconformance with the Contract Documents, written notice thereof shall be given by Owner to the Architect.

4.9 Owner shall furnish the aforesaid required information and services and shall provide approvals and decisions as reasonably necessary for the orderly progress of Architect's services and of the Work.

ARTICLE 5
CONSTRUCTION COST

5.1 Architect shall assist Owner, upon request, in Owner's evaluation of budget requirements and detailed estimates of the construction cost. It is recognized, however, that the Architect does not control the cost of labor, materials or equipment, or have control over the Contractor's methods of determining bid prices, or over competitive bidding, market or negotiating conditions. Architect does hereby agree to consult with Owner and Contractor when applicable to determine systems and materials to be incorporated into the design. Architect shall design the Project with materials and systems it determines from its knowledge and experience to be in the best economic interest of the Project based upon Architect's knowledge of the Design Criteria and Owner's budget. While it is understood that Architect cannot warrant the costs of construction, Architect agrees to, as part of Basic Services, revise Drawings, Specifications or other design documents to the extent required to obtain bids for construction that are within the construction budget for the Project, except to the extent that any required revision is inconsistent with approvals or directions of Owner or its Developer issued after the completion of the Design Development Phase.

ARTICLE 6
HOURLY RATES

6.1 Attached hereto and incorporated herein as Exhibit C is an Hourly Rate Schedule prepared by Architect and consented to by Owner setting forth by category the Architect's current hourly wage rates and direct personal expense for its personnel. No changes in such rates shall be made without the prior written consent of Owner.

ARTICLE 7
REIMBURSABLE EXPENSES

7.1 Reimbursable Expenses are in addition to compensation for Basic and Additional Services and include expenses incurred by the Architect and Architect's employees and consultants in the interest of the Project, as identified in the following clauses.

7.1.1 Expense of transportation in connection with the Project; expenses in connection with authorized out-of-town travel; long distance communications; and fees paid for securing approval of authorities having jurisdiction of the Project.

7.1.2 Expense of reproductions, postage and handling of Drawings, Specifications and other documents.

7.1.3 If authorized in advance by the Owner, expense of overtime work requiring higher than regular rates.

7.1.4 Expense of renderings, models, mock-ups, photographs, brochure covers and brochure inserts requested by the Owner.

7.1.5 Expense of additional insurance coverage or limits, including professional liability insurance, requested by the Owner in excess of that normally carried by the Architect and Architect's consultants.

ARTICLE 8
PAYMENTS TO THE ARCHITECT

8.1 Payments on Account of Basic Services

8.1.1 Payments for Basic Services properly performed shall be made monthly following receipt of Architect's invoice, submitted in such form and with such supporting materials as the Owner may require. Invoices shall be submitted through Developer as provided in Article 22 hereof. Subject to Subparagraph 8.3.2 hereof, invoices received and approved on or before the twenty-fifth (25th) day of any month shall be paid on or before the last day of the following month. Each such payment shall be equal to the percentage of the total Basic Services for the subject Phase that Owner reasonably determines has been completed during the period covered by the Architect's invoice multiplied by the total compensation that is payable for the Basic Services during that Phase as set forth in Article 15, less all prior payments for Basic Services performed during that Phase. The total payments for Basic Services during any Phase shall not exceed the total amount payable for that Phase in accordance with the provisions of Article 15.

8.2 Payments on Account of Additional Services

8.2.1 Payments on account of Architect's Additional Services as defined in Article 3, which are properly performed or incurred, shall be made monthly based on the same submittal, approval and payment time schedule applicable to Basic Services under Paragraph 8.1 above following receipt and approval of the Architect's statement of Additional Services rendered in such form and with such supporting materials as Owner may require.

8.3 Payments Withheld

8.3.1 No deductions shall be made from Architect's compensation on account of penalty, liquidated damages or other sums withheld from payments to contractors, or on account of the cost of changes in the Work or damages other than those for which Architect is liable, and then only to the extent such cost or damages are caused by or attributable to, either in whole or in part, the acts or omissions of Architect. Owner may withhold payment on account of Architect's default or material breach of this Agreement.

8.3.2 Architect recognizes that Developer is developing the Project for the Owner and that Owner is to advance to or reimburse Developer, or otherwise provide funding, for all compensation due Architect hereunder; however, in no event will payment to Architect be delayed more than sixty (60) days after the Architect's invoice is due.

8.4 Project Suspension or Termination

8.4.1 If the Project is suspended or abandoned in whole or in part for more than three (3) consecutive months, Architect shall be compensated in accordance with the above provisions for all services properly performed prior to receipt of written notice from Owner of such suspension or abandonment.

ARTICLE 9
ARCHITECTS ACCOUNTING RECORDS

9.1 Records of Architect's charges from and payments to its personnel or to third parties, as well as records of time, hourly charges and direct personnel expense shall be kept on the basis of generally accepted accounting

principles and shall be available to Owner or Owner's authorized representative at mutually convenient times.

ARTICLE 10
OWNERSHIP AND USE OF DOCUMENTS

10.1 The Drawings and Specifications prepared hereunder, in whatever state of completion, shall be and remain the property of Developer (or Owner in the event of assignment pursuant to Article 13 hereof) to be used by Developer in accordance with applicable law as it sees fit; provided that Developer shall not be entitled to utilize the set of drawings stamped with the Architect's seal other than in connection with the Project. The Architect shall be permitted to retain copies, including reproducible copies, of Drawings and Specifications. The rights granted under this Paragraph are conditioned upon the Developer agreeing to indemnify the Architect from any liability and related expense arising out of the modification of the documents or their use on any other project.

10.2 Architect agrees to furnish Owner with electronic drawing files of the Drawings and Specifications reflecting all revisions thereto for Owner's (or its assignee's) use in connection with the Project or for Owner's (or its assignee's) use in connection with the design and construction of future projects, and the rights and conditions of ownership granted by this Article

shall extend to and include such electronic drawing files. Architect agrees to and shall issue such notifications and execute such documents and agreements and do all other things necessary to permit such subsequent use by Owner, its assignee and/or any subsequent architect, including without limitation compliance with requirements of the Texas Board of Architectural Examiners and Title 22 of the Texas Administrative Code.

10.3 Architect acknowledges that Owner may furnish, and may have included in the Design Criteria, drawings, specifications and/or electronic drawing files utilized on prior projects which are intended to form the basis of the design for the Project and the Drawings and Specifications therefor in compliance with applicable law. Architect agrees to and shall review, and revise and/or modify as necessary, such items, and shall affix its seal, actual signature, and date of affixation to all Contract Documents, Drawings, Specifications and other documents required in the performance of the services under this Agreement whether issued under the authorship of Architect or developed under its supervision, in accordance with the rules and regulations of the Texas Board of Architectural Examiners.

10.4 Submission or distribution to meet official regulatory requirements or for other purposes in connection with the Project shall not be construed as publication in derogation of the Architect's rights.

10.5 This Agreement allows for its assignment to a design build general contractor by Owner. Rights of ownership in and to the Drawings, Specification and other design documents are as set forth in Article 10, and shall not be transferred or affected by an assignment of this Agreement to a design build general contractor.

ARTICLE 11
TERMINATION OF AGREEMENT

11.1 This Agreement may be terminated by Owner, with or without cause, upon ten (10) days prior written notice thereof. In the event this Agreement is terminated due to any default of the Architect under this Agreement, the Architect shall not be entitled to receive any additional compensation for Basic and Additional Services allegedly due. In the event this Agreement is terminated due to any other reason, including but not limited to, termination without cause and at and for Owner's convenience, the Architect shall be paid for services properly performed prior to the termination date in accordance with the

compensation and payment provisions hereof. If the date of termination occurs other than at the completion of a Phase as set forth in Article 15, the payment to the Architect for such incomplete Phase shall be prorated in accordance with the percentage of completion at the date of termination as above provided.

11.2 If Architect is adjudged a bankrupt, or if it makes a general assignment for the benefit of its creditors, or if a receiver is appointed on account of its insolvency, and if in any such event Architect fails to provide Owner with adequate assurances of future performance with ten (10) days of Owner's request therefor, or if Architect is in violation of a material provision of this Agreement, then Owner may, without prejudice to any right or remedy upon giving

Architect written notice, terminate this Agreement and take possession of all Drawings and Specifications and related documents and finish the Project by whatever method Owner may determine expedient. In such event, Architect shall not be entitled to receive any further payment until the Project has been completed. Upon completion of the Project, Architect shall be entitled to receive all amounts which it would have been entitled to receive under this Agreement less, however, all damages, costs, losses, liabilities, expenses or other claims suffered by Owner whether direct or indirect, consequential, or otherwise.

ARTICLE 12
MISCELLANEOUS PROVISIONS

12.1 Developer shall be Owner's representative with respect to the Project, authorized to act on Owner's behalf and with authority to execute any and all instruments requiring Owner's approval, consent, action or instruction. Architect shall communicate with Owner through Developer, and any and all notices and/or submittals required of Architect under this Agreement or any other Contract Document, including without limitation Requests for Payment, Change Orders, requests for extension of time and/or claims for extras, shall be submitted directly to Developer by Architect.

12.2 Architect shall and hereby does subordinate any and all liens, rights and interest (whether choate or inchoate and including, without limitation, all mechanics' and materialmen's liens under the applicable laws and statutes of the state of the situs of the project) owned, claimed or held, or to be owned, claimed or held by Architect or anyone else acting or claiming through or under Architect in and to any part of the Work or the property on which the Work is performed, to the liens securing payments of sums now or hereafter borrowed by Owner in connection with construction of the Improvements. Architect shall execute such further and additional evidence of the subordination of any and all liens, rights and interest as Owner's lenders may require, including a form of Subordination Agreement acceptable to Owner. The subordination of lien is made in consideration of and as an inducement to the execution and delivery of this Agreement, and shall be applicable despite any dispute between the parties hereto or any others, or any default by Owner under the Contract Documents or otherwise.

ARTICLE 13
SUCCESSORS AND ASSIGNS

13.1 Owner and Architect respectively bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Architect shall not assign, sublet or transfer any interest in this Agreement or any monies due or to become due hereunder without the prior written consent of Owner. Architect hereby consents to Developer's assignment to Owner of its entire interest in this Agreement contingent and effective only upon Owner's written acceptance of such assignment, or in connection with a mortgage on, or the sale or transfer of, the Project or any interest therein or any entity

holding title thereto; and effective from the date of such assignment, sublease or transfer, Developer shall be released from all obligations to Architect hereunder arising after the

date of such assignment, sublease or transfer, and Developer shall not be required to pay Architect for any services in connection with the Project rendered after the date of any such assignment, sublease or transfer.

13.2 Architect understands and acknowledges that Owner may, at Owner's sole option, choose to engage a general contractor for construction of the Project on a design and build basis. In such event, such general contractor shall, without limiting Architect's obligations to the Owner, be responsible to Owner for designing as well as constructing the Project. Architect agrees that Owner may, at any time, assign this Agreement to the general contractor engaged for construction of the Project, and Architect hereby consents to such assignment and agrees that in such event Architect shall perform its obligations hereunder for the general contractor to the same extent as if this Agreement had been originally entered into between such parties and shall look solely to such general contractor for satisfaction of payments or claims hereunder or otherwise in connection with the Project. Specifically, Architect agrees to the continuing use and development following such assignment of any and all design documents prepared pursuant to this Agreement, and that such assignment shall not result in any adjustment of Architect's compensation or time for performance. Architect further consents and agrees that upon the occurrence of the assignment of this Agreement, Developer and Owner shall be released from any and all obligations or liability to the Architect in connection with this Agreement or the Project.

13.3 Architect agrees that Developer (or Owner) may collaterally assign this Agreement to the Lender(s) in connection with the financing of the Project, and agrees to execute documents evidencing such collateral assignment and consent as may be reasonably required.

ARTICLE 14
EXTENT OF AGREEMENT

14.1 This Agreement represents the entire and integrated agreement and Owner and Architect and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Architect.

ARTICLE 15
BASIS OF COMPENSATION

15.1 Basic Compensation

15.1.1 For Basic Services as described in Article 2, and any other services defined elsewhere in this Agreement as part of the Basic Services, Basic Compensation shall be computed as follows:

A stipulated sum of One Million, Five Hundred Twenty Thousand, Six Hundred Fifty-Seven and 00/100 Dollars ($1,520,657.00), reduced by the total payments, if any, made under any letter agreement or authorization entered into prior to execution hereof. The Basic Services

covered by this stipulated sum amount include all services and miscellaneous costs necessary to complete the Basic Services, including but not limited to the following:

Architecture

Interior Tenant Finish
Civil Engineering
Structural Engineering
Mechanical, Electrical, Plumbing and Fire Protection Engineering
Master Planning
Site Planning
Landscape and Irrigation
Interior and Exterior Signage required by Federal, State or local building or access codes
All Overhead, Administrative and other Costs

15.1.2 Payments for Basic Services shall be made so that the total Basic Compensation that is paid for each Phase shall equal to the following percentages of the total Basic Compensation:

		Shell/Site	Interiors	Total
Schematic Design	12%	$107,762	$ 60,616	$ 168,379
Design Development	20%	179,604	101,027	280,631
Construction Documents	48%	431,050	242,465	673,515
Construction Administration	20%	179,604	101,027	280,631
Subtotal	100%	898,020	505,136	1,403,157
Reimbursable Allowance		87,500	Included	87,500
CAD As-Builts Allowance		30,000	Included	30,000

15.1.3 A maximum budgeted allowance of $87,500.00 is included for costs, expenses and other items which might otherwise be categorized as Reimbursable Expenses in connection with design services for the Project's building shell. Within ten (10) days following execution of this Agreement, Architect shall prepare and deliver to Owner for its review and acceptance a budget of anticipated Reimbursable Expenses, segregated by category and amount. Architect shall present actual billings for such costs without any markup, and shall not be entitled to payment out of this line item in excess of the amount thereof set forth above without written authorization from Owner. Architect shall promptly notify Owner if he believes his firm will exceed the allowance during execution of said Project.

15.1.4 It is further provided that the maximum budgeted allowance of $30,000.00 is included for the costs and expenses for the preparation of CAD as-built drawings for the building shell and the tenant improvements. Other items of reimbursable expense associated with design services for the Project's tenant improvements are included in the Basic Compensation and shall not be separately reimbursed. Architect shall promptly notify Owner if he believes his firm will exceed the allowance during execution of said Project.

ARTICLE 16
OTHER CONDITIONS OR SERVICES

16.1 During the term of this Agreement, as part of Basic Services hereunder, Architect shall provide to Owner weekly progress reports of the status of Architect's activities hereunder and of the status of the Project and the scheduling of all activities related thereto, all in form and containing such information as Owner may reasonably require.

16.2 If requested to do so by Owner, at the completion of the Project, Architect shall provide Owner, at no additional cost to Owner, a set of reproducible drawings and specifications (with Architectural and Engineering Seal) of the Project; however, Owner agrees to indemnify Architect from any and

all related expenses arising out of the modification or use of the set on other projects. This set shall become the property of the Owner.

16.3 Architect shall not transport, store or introduce to the Project, nor specify for use in its design or construction, any hazardous substances, as that term is used in the promulgations of the Environmental Protection Agency or the Texas Natural Resources Conservation Commission.

ARTICLE 17
ARCHITECT'S INSURANCE

17.1 During the performance of its service, and until termination of this Agreement, unless otherwise specified, Architect, at its sole cost and expense, shall carry and maintain insurance with a company or companies acceptable to Owner, insuring Architect as follows:

(a) Worker's Compensation Insurance and Employer's Liability Insurance to provide statutory worker's compensation benefits as required by the laws of any and all states in which such employees are located or perform services for all Architect's employees to be engaged in the services provided under this Agreement with minimum in occurrence/aggregate limits of 500,000.00.

(b) Comprehensive General Liability Insurance on an "occurrence" basis, covering all operations of Architect as named insured, including contractual liability for the indemnity and hold harmless agreement set forth in Paragraph 18.1 hereof, against claims for bodily injury or death, including personal injury, and property damage with limits of not less than $5,000,000.00 combined single coverage for bodily injury or death and property damage. Insurance coverage shall also be carried with limits of not less than

$5,000,000.00 combined single coverage against bodily injury liability and property damage liability arising out of the use by or on behalf of Architect, its agents and employees, in pursuit of the services provided for in this Agreement, of any owned, nonowned or hired automotive equipment. Coverage shall be continued for at least two (2) years after completion of Architect services under this Agreement.

(c) Architect's Professional Insurance covering liability imposed by law or by contract arising out of a negligent act, error or omission in the performance of or lack thereof of professional services for others and any physical property damage or injury or death resulting therefrom with a single limit of not less than $2,000,000.00, such insurance to be continued in force for a period not less than two (2) years sixty (60) days after Date of Substantial Completion as certified by the Architect and accepted by the Owner.

17.2 Architect shall require any and all engineers and consultants engaged or employed by Architect in connection with the performance of Architect's services hereunder to carry and maintain, at all times while engaged in the performance of services covered by this Agreement, insurance with limits and coverages in such amounts as determined from time to time by Architect and Owner, which shall include but not be limited to (i) Workers' Compensation Insurance as required by applicable state law, and (ii) General Liability Insurance with limits of not less than $1,000,000.00 combined single coverage for bodily injury or death and property damage. Architect shall require any such engineers or consultants to furnish Owner such evidence thereof as Owner may reasonably request. Such insurance shall be carried and maintained with a company or companies and be in forms and amounts acceptable to Owner. Engineers

stamping drawings shall carry Engineers Professional Liability Insurance covering liability to Owner arising out of an error, omission or negligent act in the performance, or lack thereof, or professional services for others and any physical property damage, or injury or death resulting therefrom, with single limits as follows:

$1,000,000.00 occurrence/aggregate

Such insurance is to be continued in force for a period of not less than two (2) years following completion of all Architect's services under this Agreement.

17.3 All policies of insurance required under the terms of Paragraph 17.1 or Paragraph 17.2 except those described in Paragraph (a) and (c) of Paragraph 17.1 and the penultimate sentence of Paragraph 17.2 shall name Developer and Owner as additional insureds and shall contain a waiver of subrogation in favor of Developer and Owner, except for professional liability insurance. Each insurance policy required under this Article shall contain a standard severability of interest clause which provides that the insurance applies separately to each

insured and the requirement of a blanket notice from the insurer to each named and additional insured at least sixty (60) days prior to the nonrenewal or cancellation of the policy.

17.4 Architect shall furnish Owner with certificates showing that all insurance is being maintained as required herein. Upon renewal of any such insurance that expires before the completion of Architect's services under this Agreement, Owner shall be provided with renewal certificates or binders upon expiration, together with evidence of payment of premiums thereon.

ARTICLE 18
INDEMNIFICATION

18.1 ARCHITECT SHALL INDEMNIFY AND HOLD DEVELOPER, OWNER AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND CORPORATE AFFILIATES HARMLESS FROM AND AGAINST ALL DAMAGES, CAUSES OF ACTION, LIABILITIES, LOSSES AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, TO THE EXTENT ARISING OUT OF OR RESULTING FROM (A) ANY BREACH OF THE TERMS, CONDITIONS, COVENANTS, CONTAINED IN THIS AGREEMENT BY ARCHITECT, ITS EMPLOYEES, SERVANTS, CONSULTANTS OR OTHER PERSONS OR ENTITIES FOR WHOM IT IS RESPONSIBLE, (B) ANY NEGLIGENT ACT OR OMISSION OF ARCHITECT, ITS EMPLOYEES, OR CONSULTANTS WHICH RESULTS IN BODILY OR PERSONAL INJURY, SICKNESS, DISEASE OR DEATH, OR INJURY TO OR DESTRUCTION OF TANGIBLE PROPERTY INCLUDING THE LOSS OF USE THEREOF ON A COMPARATIVE FAULT BASIS, AND WHETHER OR NOT SUCH CLAIM, DAMAGE OR EXPENSE IS CAUSED IN PART BY THE NEGLIGENCE OR OTHER ACT OR OMISSION OF A PARTY INDEMNIFIED HEREUNDER. SUCH OBLIGATION SHALL NOT BE CONSTRUED TO NEGATE, ABRIDGE, OR OTHERWISE REDUCE ANY OTHER RIGHT OR OBLIGATION OF INSURANCE OR INDEMNITY WHICH WOULD OTHERWISE EXIST AS TO ANY PARTY OR PERSON DESCRIBED HEREIN.

ARTICLE 19
COMPLETION CERTIFICATE

19.1 Architect shall perform its duties as specified herein so that, at the completion of the Project, Architect will execute, and if necessary be a party to, a written instrument(s) in form and substance satisfactory to Owner stating that to the best of Architect's knowledge, information and belief the Project has been constructed and completed in accordance with the Contract Documents.

ARTICLE 20
LIMITATION AGAINST DEVELOPER

20.1 It is understood and agreed that notwithstanding Developer's development of the Project for Owner that this Agreement is by and between Owner and Architect, and that Developer is not a party hereto. Developer's duties and

responsibilities are as specifically set

forth herein, and Architect agrees to look solely to Owner for payment and recovery of any amounts due for Architect's Services or otherwise in connection with the Project. In no event shall Architect have any claim against any partners of Owner, any limited partners of Developer, or any partners of the partners of Owner, or the officers, directors, employees or shareholders of any corporate partner of Developer or Owner or any corporate partner of a partner of Owner, any and all such claims being hereby unconditionally waived by Architect.

ARTICLE 21
CONFIDENTIALITY

21.1 Owner is furnishing Architect with certain information in connection with the Owner and the Project. As a condition to the receipt of such information, Architect agrees to treat confidentially any information concerning the Owner or the Project which is furnished to Architect or of which Architect becomes aware, whether furnished or discovered before or after the date of this Agreement, together with analyses, compilations, studies or other documents or records prepared by Architect or its directors, officers, employees, advisors, consultants or representatives (collectively, "Representatives"), all such information being referred to herein as the "Material."

21.2 Architect hereby agrees that the Material will be used solely for the purpose of performance under this Agreement and that the Material will be kept confidential by Architect and its Representatives; provided, however, that (i) any of the Material may be disclosed to Architect's Representatives who need to know the information contained therein for the purpose described above (it being understood that (a) such Representatives shall be informed by Architect of the confidential nature of such information and Architect shall cause such Representatives to treat such information confidentially, (b) Architect shall maintain a list of those persons to whom such information has been disclosed, which list shall be presented to Owner upon request, and (c) in any event Architect shall be responsible for any breach of this Agreement by any of its Representatives), and (2) any disclosure or other use of the Material may be made to which the Owner consents in advance in writing.

21.3 Without the prior written consent of Owner, Architect will not, and will direct Architect's Representatives to not, disclose the Material or to disclose to any person the fact that the Material has been made available to Architect or that Architect has inspected any portion of the Material. Without limitation on the foregoing, Architect and its Representatives will not discuss the Material, including any prospective site locations for the Project with members of the press, brokers or any other persons.

21.4 It is further understood and agreed that money damages would not be a sufficient remedy for any breach of this Article of the Agreement and that Owner shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach of the provisions of the Article. Such remedy shall not be deemed to be exclusive remedy for breach of this Agreement, but shall be in addition to all other remedies available at law or equity to Owner.

21.5 The provisions relating to confidentiality in this Article of the Agreement shall terminate five (5) years from the date hereof or sooner if so allowed in writing by Owner.

ARTICLE 22
NOTICES AND OTHER PROVISIONS

22.1 All notices, demands, approvals and requests given by either party to the other hereunder shall be in writing and shall be personally delivered or sent by telecopy (with hard copy to follow) or registered or certified mail, postage prepaid, to the parties at the following addresses:

If to Owner: Wells Operating Partnership, L.P.
c/o Wells Capital, Inc.
Attn: Senior Vice President Asset Management
Suite 250
6200 The Corners Parkway
Norcross, Georgia 30092
Fax: (770) 200-8199

with a copy to: Troutman Sanders LLP
Attention: Mr. John W. Griffin
600 Peachtree Street, N.E.
Suite 5200
Atlanta, Georgia 30308-2216
Fax: (404) 962-6577 and (404) 885-3900

with a copy to: Champion Partners, Ltd.
Attn: Robert D. Poynor
Suite 100
15601 Dallas Parkway
Addison, Texas 75001
Fax: (972) 490-5599

If to Architect: HKS, Inc.
1919 McKinney Avenue
Dallas, Texas 75201
Attn: Daniel Jeakins
Fax: (214) 969-3397

Either party may at any time change its respective address by sending written notice to the other party of the change in the manner hereinabove prescribed. Notices shall be deemed to be given upon the earlier to occur of actual receipt or on the third business day after mailing. Fax notices shall not be effective unless confirmation of receipt is provided. Each party hereto agrees to provide immediate confirmation of receipt of fax notices.

22.2 Each party to this Agreement has been represented by legal counsel, or has had the opportunity to be represented by legal counsel, and each party has had the opportunity to equally participate in the negotiation, preparation and drafting of this Agreement. In the event of any dispute between the parties hereto, the prevailing party in any proceeding shall be entitled to be reimbursed by the other party for its reasonable attorneys' fees, paralegal charges, other related legal costs and expenses, court costs and, if applicable, arbitration costs and fees.

22.3 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute but one agreement.

22.4 The headings for any paragraphs of this Agreement are for convenient reference only, and shall not be deemed to be operative or relied upon for construction of this Agreement for any purpose.

22.5 Architect represents and warrants that the person responsible for sealing and signing documents and for furnishing and performing architectural services in connection with this Agreement shall be a registered architect, licensed to practice the profession of architecture pursuant to Article 249a of the Texas Revised Civil Statutes, and in good standing and in compliance with the rules, regulations and requirements of the Texas Board of Architectural

Examiners and Title 22 of the Texas Administrative Code.

22.6 Architect agrees that its selection and the award of this contract to it is based in significant part on the personnel which Architect has proposed for the performance hereof. Architect agrees that the following individuals will have and perform the roles indicated for them and will remain in such capacity, serving the needs of the Project through completion of construction, punch list and close out, and their involvement with and commitment to the Project shall not be reduced: Grant Simpson, David Meyer, Jay Waters and Bill Maguire.

IN WITNESS WHEREOF, this Agreement is entered into as of the day an first written above.

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

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

By: /s/ Douglas P. Williams

Name: Douglas P Williams

Title: Executive Vice President

HKS, INC.
a Texas corporation

By: /s/ [ILLEGIBLE]

Name: [ILLEGIBLE]

Title: President

The Texas Board of Architectural Examiners, P.O. Box 12337, Austin, Texas 78711-2337 or 333 Guadalupe, Suite 2-350, Austin, Texas 78701-3942, (512) 305-9000 has jurisdiction over individuals licensed under the Architects' Registration Law, Texas Civil Statutes, Article 249a.

EXHIBIT A

DESIGN CRITERIA
(PRELIMINARY BUILDING PLANS & SPECIFICATIONS)

(1) Nissan Motor Acceptance Corporation Conceptual Structural Foundation & Framing Plan, dated February 28, 2001, 4 sheets (S1.01, S2.01, S2.02, S2.03) prepared by Brockette Davis Drake, Inc.

(2) Nissan Motor Acceptance Corporation Specification/Narratives, dated August 30, 2000, prepared by HKS Architects and Brockette Davis Drake, The SWA

Group, Blum Consulting Engineering and The Staubach Company, as follows:

(i) Interior Space Requirements Program, 16 pages
(ii) Architectural/Interior Design Narrative (Shell), 5 pages
(iii) Architectural/Interior Design Narrative (Interiors), 8 pages, Revised November 27, 2000
(iv) Landscape Design Narrative, 1 page
(v) MEP Shell Building Outline Specifications, 32 pages
(vi) MEP Interior Finishout Narrative, 4 pages

(3) Developer Scope Summary Form (no date), 4 pages

(4) Site Plan, as prepared by HKS, dated February 21, 2001 (superceded by 4/17/01 set).

(5) Outline Specification: Roof, Glazing & Elevators, dated February 21, 2001.

(6) Finish System for Preliminary Design, prepared by HKS, dated February 27, 2001.

(7) Yasuda Fire & Marine Insurance Company letter of document review dated August 30, 2000.

(8) HKS Architects' memo of Construction Type Options (for fire rating) not dated.

(9) HKS Architects' Revised Plans; 6 sheets, dated April 17, 2001.

(10) Blum Consulting Engineers' memo specifications of McQuay equipment, dated April 24

EXHIBIT B

GENERAL CONDITIONS OF THE CONTRACT FOR THE ARCHITECT AGREEMENT

BY AND BETWEEN
WELLS OPERATING PARTNERSHIP, L.P.
AND
HKS, INC.

GENERAL CONDITIONS OF THE CONTRACT FOR THE DESIGN AND BUILD CONSTRUCTION AGREEMENT

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GENERAL CONDITIONS OF THE CONTRACT FOR
THE DESIGN AND BUILD CONSTRUCTION AGREEMENT

ARTICLE 1

CONTRACT DOCUMENTS

1.1 DEFINITIONS

1.1.1 THE CONTRACT DOCUMENTS

The Contract Documents consist of those documents identified on Exhibit B to the Design and Build Construction Agreement and as said Exhibit may be amended from time to time.

If there is any inconsistency or ambiguity in any of the Contract Documents, the governing document will be as listed in Paragraph 1.3 of the General Conditions.

The Contract Documents includes the Advertisement or Invitation to Bid and the Instructions to Bidders, but does not include the Design/Builder's Bid or any other Bidding Documents, unless specifically enumerated in the Agreement.

1.1.2 THE CONTRACT

The Contract Documents form the Contract for Construction and are sometimes referred to as the "Contract". The Contract represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral. Nothing contained in the Contract Documents shall create any contractual relationship or third party beneficiary relationship between the Developer or the Owner and any Subcontractor or Sub-subcontractor or between any persons or entities other than between the Owner and the Design/Builder.

1.1.3 THE WORK

The Work comprises the completed construction required by the Contract Documents and includes all labor, materials, equipment and supervision necessary to produce the Project, functioning properly, including all items necessary or appropriate to permit the proper and full utilization of the Project.

1.1.4 THE PROJECT

The Project is the total construction of which the Work performed under the Contract Documents may be the whole or a part.

1.2 EXECUTION, CORRELATION, INTENT AND INTERPRETATIONS

1.2.1 The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by the Design/Builder. The Contract Documents are complementary, and what is required by one shall be as binding as if required by all and performance by the Design/Builder shall be consistent with the requirements of the Contract Documents and those matters reasonably inferable from them as being necessary to produce the intended results.

1.2.2 Organization of the Specifications into divisions, sections and articles, and arrangement of Drawings shall not control the Design/Builder in dividing the Work among Subcontractors or in establishing the extent of Work to be performed by any trade.

1.2.3 Unless otherwise stated in the Contract Documents, words which have well-known technical or construction industry meanings are used in the Contract Documents in accordance with such recognized meanings.

1.2.4 By executing the Design and Build Construction Agreement Design/Builder represents that:

1. it has examined all Contract Documents and all Exhibits attached thereto, the Project Site, and the accessibility to and general character of said Site;

2. the Contract Documents are complete, coordinated, and will allow for proper and timely construction of the Work;

3. it has visited the Site, and has satisfied itself as to the nature of the Work, the conditions of any visible existing buildings, structures or features at the Site, the condition of the soil, the Specifications, the Drawings, the character of the equipment and facilities needed preliminary to and during the prosecution of the Work, the general and local conditions under which the Work is to be performed, the construction hazards, and all other matters witch could be reasonably ascertained and in any way affect the Work under the Contract Documents, and has correlated its observations with the requirements of the Contract Documents; and

4. the Contract Sum for performance of the Contract includes any and all costs as required by the Contract Documents or as reasonably inferable therefrom as being necessary to completely construct and perform the Work under the above mentioned conditions.

1.2.5 Design/Builder understands and agrees that:

1. If an item of Work is shown on the Drawings and not specified, or specified and not shown on the Drawings, or neither specified or shown but considered to be incidental to the Work and the accepted practice of the respective trade, or required for total completion of the Work and the Project, it shall be construed to

be both shown and specified and shall be included in the scope of Work and within the Contract Sum.

2. Design/Builder shall complete all Work in accordance with the requirements of Contract Documents and make no change therefrom without having first received written authorization from Owner or its authorized representative. Where detailed information is lacking, before proceeding with Work, Design/Builder shall refer the matter to Developer for further information. Design/Builder shall be solely responsible for all extra cost and extra time for changes made to Work without having received prior written authorization from Owner or its authorized representative.

3. If Work is required in such a manner as to make it impossible to produce first-class Work, or should discrepancies appear among Contract Documents, Design/Builder shall request clarification from the Developer before proceeding with the affected part of the Work. If Design/Builder fails to obtain such clarification before proceeding with such portion of the Work, no excuse thereafter will be entertained for failure to carry out Work in satisfactory manner, and Design/Builder shall be solely responsible for all

extra cost and time for proceeding with such Work without receiving clarification from Developer.

4. Mention herein or indication on the Drawings of articles, materials, or operations means that the Design/Builder shall provide each item mentioned or indicated of the quality noted, perform each operation prescribed according to conditions stated, and provide therefor all necessary labor, equipment and incidentals pertaining thereto.

5. Should conflict occur in or between Drawings and Specifications which is not clarified by the order of precedence specified herein, Design/Builder is deemed to have estimated on the more expensive of the various ways shown for doing the Work unless he shall have asked for and obtained written decision from the Developer as to which method or materials will be required.

6. The Work to be performed by Design/Builder shall conform with and satisfy the requirements of the Contract Documents, including without limitation the requirements of the Design and Build Construction Agreement.

1./2./6 Written interpretations necessary for the proper execution or progress of the Work, in the form of Drawings or otherwise, will be issued by Developer promptly after written request therefore by Design/Builder. Design/Builder shall make written request to Developer for such interpretations as soon as possible after the need for such interpretations is identified by Design/Builder. Such interpretations shall be consistent with and reasonably inferable from the Contract Documents.

1.2.7 Any discrepancies or omissions found in the Contract Documents by Design/Builder shall be reported to Owner and Developer promptly and in all events prior to proceeding with

any portion of the Work affected thereby. Developer will clarify discrepancies or omissions in writing, promptly after written requests are received from the Design/Builder. Failure by Design/Builder to request interpretations and/or report discrepancies promptly after discovery and before incurring additional expense as a result of any potential Contract Document deficiency will cause any such additional costs to be included within the original Contract Sum.

1.2.8 Design/Builder's and Subcontractor's responsibility: Design/Builder and Subcontractor(s) for all trades involved in the Project shall be responsible to familiarize themselves with the Work of all other trades included in this Project. Each of the Subcontractors shall be responsible for all Work not only shown or implied on the Drawings that pertain to the Subcontractor's Work, but also his Work as shown on other trade drawings. Design/Builder and Subcontractors for all trades are, hereby cautioned to carefully study all Drawings and Specifications including but not limited to architecture, engineering, interior design, and consultants drawings, with the understanding that any item of equipment or integral part of the Work or the Project requiring plumbing, heating, venting and/or air conditioning (H.V.A.C.), or electrical connections, shown on the Drawings or the Contract Documents, the corresponding Design/Builder or Subcontractor is nevertheless responsible for the connection of these items or parts to his particular service and has included all such connections in his contract price.

1.2.9 Design/Builder is responsible for coordinating all Subcontractor bids and work of all trades to ensure that all Work shown or specified is included in the Contract Sum specified in the Agreement. Particular care is required in Design/Builder's coordination of the H.V.A.C., plumbing, electrical, roofing and fire protection and other trades 'with each other and with the other trades. In no case will Developer arbitrate disputes over which trade is to furnish work. In no case will Owner become liable for additional payments over and above the Contract Sum specified in the Agreement due to failure of Design/Builder to

resolve any such disputes.

1.2.10 Should the Drawings disagree themselves, figures shall govern over scaled measurements, large scaled Drawings shall govern over small scale Drawings, the greater quantity of work or materials shall be furnished and performed; the descriptive writings shall govern over legends indicating material or conditions and the Agreement takes precedence over all other Contract Documents.

1.2.11 The words "approved", "inspected", "directed", "selected", and similar words and phrases shall be presumed to be followed by "by Owner". The words "satisfactory", "submitted", "reported", and similar words and phrases shall be presumed to be followed by "to Owner". Words like 'install", "provide", "locate", "furnish", and "supply" shall be construed to include complete furnishings and installation or construction.

1.2.12 In the interest of brevity the Contract Documents frequently omit modifying words such as "all" and "any" and articles such as "the" and "an," but the fact that a modifier or an article is absent from one statement and appears in another is not intended to affect the interpretation of either statement.

1.3 ORDER OF PRECEDENCE

1.3.1 If there is any inconsistency or ambiguity in any of the Contract Documents, the governing document will be that listed first below, except in the case of any ambiguity or inconsistency within either the Drawings or Specifications, the more expensive of the methods shown or specified shall be controlling and of which the cost shall be within the Contract Sum.

1. Modifications
2. The Agreement
3. These General Conditions
4. Special Conditions of the Contract, if any,
5. Addenda
6. Specifications and Drawings
   a) Detailed information
   b) General information

Nothing in this paragraph relieves Design/Builder of his responsibility to report any discrepancies to the Owner.

1.4 COPIES FURNISHED AND OWNERSHIP

1.4.1 Design/Builder will furnish as part of the Contract Sum all copies and transparencies of Drawings, Specifications, Addenda, bulletins and details necessary for the execution of the Work and for Owner's and Developer's use and permanent records. Copies of the above will be made by Design/Builder. Printing and copying costs are included in the Contract Sum.

1.4.2 All Drawings, Specifications and copies thereof, whether furnished by or on behalf of Design/Builder any architect engaged with Design/Builder or furnished by Owner or Developer are and shall remain Owner's property. They are not to be used on any other project and are to be delivered to Developer on request or at the completion of the Work.

1.4.3 Design/Builder will promptly provide to Owner, free of charge, copies of all Drawings and Specifications and all contracts, change orders, demand or default letters and all other material documents with, among or from Subcontractors and Sub-subcontractors.

1.5 DOCUMENTS TO BE KEPT ON THE JOBSITE

1.5.1 The Design/Builder shall maintain at the site for the Developer one record copy of all Drawings, Specifications, Addenda, Change Orders and other Modifications, approved Shop Drawings, Product Data and Samples in good order and marked to record all changes made during the course of completing any Work. The same shall be available to the Owner. The Drawings, marked to record all such changes made, shall be delivered to the Owner upon completion of the Work.

ARTICLE 2

ADMINISTRATION

2.1 ADMINISTRATION OF THE CONTRACT

2.1.1 The Developer will provide administration of the Contract as hereinafter described. The provisions hereof shall not be construed as a limitation on any other obligation of the Design/Builder under its agreement with Owner. If the Owner or its representative is required to make excessive visits to the Project Site because of defective materials or workmanship, unnecessary R.F.I.s by Design/Builder where the information is available in Contract Documents, to provide consents due to late submittals of shop drawings or samples by Design/Builder, or for any other reason caused by Design/Builder's failure to perform in accordance with the Contract Documents, then, at the direction of Owner, such costs incurred, including salary, fringe benefits and travel costs of personnel shall be a back-charge to Design/Builder by deductive Change Order. Design/Builder agrees to likewise back-charge any Subcontractor which may be responsible by, deductive Change Order to the Subcontractor.

2.1.2 The Owner and the Developer shall at all times have access to the Work wherever it is in preparation and progress, and the Design/Builder shall provide facilities for such access.

2.1.3 Owner's decisions in matters relating to artistic effect will be final if consistent with the intent of the Contract Documents.

2.1.4 The Owner or its authorized representative will have authority to reject Work which does not conform to the Contract Documents. Whenever Owner or its authorized representative, in its opinion considers it necessary or advisable for the implementation of the intent of the Contract Documents, Developer shall have authority to require special inspection or testing of the Work in accordance with Paragraph 7.7 whether or not such Work be then fabricated, installed or completed. However, neither the Owner's authority to act under this Subparagraph 2.1.4, nor any decision made in good faith either to exercise or not to exercise such authority shall give rise to any duty or responsibility of the Owner or Developer to the Design/Builder, any Subcontractor, any of their agents or employees, or any other person under them performing any of the Work.

2.1.5 The Owner or its authorized representative shall have the right but not the obligation to review and/or take appropriate action upon Design/Builder's submittals such as Shop Drawings, Product Data and Samples.

2.2 MEETINGS

2.2.1 Design/Builder and Owner or its authorized representative shall meet on such basis and frequency as Owner shall require to review the progress of the Work (including review of the schedule for the Work) and to facilitate communication between Design/Builder and Owner. Design/Builder agrees to provide at such meetings such data and information relating to the Work as is contemplated by the Contract Documents or required by Owner, including without limitation that described in Paragraph 4.20 hereof.

ARTICLE 3

OWNER

3.1 DEFINITION

3.1.1 The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number and masculine in gender. The term Owner means the Owner or his authorized representative designated in writing by Owner.

3.2 INFORMATION AND SERVICES

3.2.1 The Owner shall cause to be furnished all surveys describing the physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site.

3.2.2 Except for permits and fees that are the responsibility of Design/Builder under the Contract Documents, Developer shall obtain and pay for necessary easements for permanent and temporary structures or facilities or for permanent changes in existing facilities, necessary approvals, assessments, excess facility charges for permanent utility service, air rights, if required, and charges required for construction, use or occupancy of the Work. Design/Builder shall pay, as part of the Contract Sum, for all building permits, licenses and fees for the Work, facility charges for temporary utility service and for Certificates of Occupancy.

3.2.3. Information or services under the Owner's control shall be furnished by the Owner with reasonable promptness to avoid delay in the orderly progress of the Work.

3.2.4 The foregoing are in addition to other duties and responsibilities of the Owner enumerated herein and especially those in respect to work by Owner or by Separate Contractors, Payments and Completion, and Insurance in Articles 6, 9 and 11, respectively.

3.3 RIGHT TO STOP THE WORK

3.3.1 If the Design/Builder fails to correct defective Work or fails to carry out the Work in accordance with the Contract Documents, the Owner may order the Design/Builder to stop the Work, or any portion thereof until the cause for such order has been eliminated or, at Owner's sole option, terminate Design/Builder's performance of the Agreement. Any additional costs incurred by Owner shall be deducted from payments due Design/Builder by deductive Change Order and Design/Builder hereby waives any claims to such payments. The right of Owner to stop the Work shall not give rise to a duty on the part of Developer to exercise this right for the benefit of the Design/Builder or any other person(s) or entity(ies).

3.4 RIGHT TO CARRY OUT THE WORK

3.4.1 If the Design/Builder fails or neglects to carry out the Work in accordance with the Contract Documents and fails within five (5) days after receipt of written notice from Owner to

commence and continue correction of such failure or neglect with diligence and promptness, the Owner may after such five (5) day period and without further notice and without prejudice to any other remedy Owner may have, make good such failure of performance by the Design/Builder. In such case an appropriate Change

Order shall be issued deducting from the payments then or thereafter due the Design/Builder the cost of correcting deficiencies in the Work and/or failure of performance, including compensation for any architect's additional services made necessary by such neglect or failure, and further including Owner's internal costs and expenses, plus an additional fifteen percent (15%) of all such cost and expenses associated with carrying out such work, as overhead. If the payments then or thereafter due the Design/Builder are not sufficient to cover such amount, the Design/Builder shall pay the difference to the Owner.

ARTICLE 4

DESIGN/BUILDER

4.1. DEFINITION

4.1.1. The Design/Builder is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number and masculine in gender. The term Design/Builder means the Design/Builder or his authorized representative.

4.2 REVIEW OF CONTRACT DOCUMENTS

4.2.1 The Design/Builder's duties include the design as well as the construction of the Work, and the Design/Builder is responsible for the preparation of the Drawings and the Specifications. The Design/Builder shall carefully study and compare the Contract Documents and shall promptly, and in all events prior to proceeding with any portion of the Work affected thereby, report to the Developer any error, inconsistency or omission he may discover. In accordance with Design/Builder's obligation to both design and build the Work, Design/Builder shall be liable to the Developer for any damage resulting from errors, inconsistencies or omissions in the Contract Documents whether or not Design/Builder shall have reported such matter to Developer. The Design/Builder shall perform no portion of the Work at any time without Contract Documents, or, where required, approved Shop Drawings, Product Data or Samples for such portion of the Work.

4.3 SUPERVISION AND CONSTRUCTION PROCEDURES

4.3.1 The Design/Builder shall supervise and direct the Work, using his best skill and attention. Design/Builder shall be responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work, including all component coordination for complete systems.

4.3.2 Design/Builder will perform and assume all responsibility for all layout work. Design/Builder shall, immediately upon entering the site for the Project for purpose of beginning Work, locate general reference points and take such action as is necessary to prevent their destruction; lay out Design/Builder's own Work and be responsible for all lines, elevations and

measurements of building elements, utilities and other Work executed by Design/Builder under the Contract Documents. Design/Builder must verify all figures shown on Drawings before laying out Work and any cost or expense resulting from failure to exercise such precautions shall be the expense of Design/Builder.

4.3.3 The Design/Builder shall erect ample storage shed space for building materials requiring shelter from the weather and shall locate same where consented to by the Developer. Material proposed to be stored outdoors on the site must be consented to by the Developer in advance and shall be located only where so directed or consented to by the Developer.

4.3.4 The Design/Builder shall be responsible to the Developer for the acts and omissions of his employees, Subcontractors, Sub-subcontractors and their agents and employees, and other persons performing any of the Work under a contract with the Design/Builder.

4.3.5 The Design/Builder shall not be relieved from his obligations to perform the Work in accordance with the Contract Documents either by the activities or duties of the Developer in administration of the Contract, or by inspections, tests or approvals required or performed under Paragraph 7.7 by persons other than the Design/Builder.

4.3.6 The Design/Builder shall provide, install, and maintain all the necessary utilities for the Project. The Design/Builder shall pay for the cost of all utilities used from the time such connections are made to the date of Substantial Completion. Design/Builder acknowledges that it has included all costs included in this Paragraph in the Contract Sum.

4.3.7 The Design/Builder shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

4.4 LABOR MATERIALS AND QUALITY CONTROL

4.4.1 Unless otherwise expressly provided in the Contract Documents, the Design/Builder shall provide and pay for all labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for the proper completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work. Developer shall make necessary arrangements for permanent utility service, and shall arrange for payment of all necessary user or hook-up fees in connection therewith.

4.4.2 The Design/Builder shall at all times enforce strict discipline and good order among all persons performing Work and shall not employ on the Work any unfit person or anyone not skilled in the task assigned to him.

4.4.3 All Work done and all material and equipment furnished by Design/Builder shall strictly conform to the Contract Documents. The acceptance at any time of materials by or on behalf of Developer shall not be a bar to a future rejection thereof if they are subsequently found to be defective or inferior in quality or uniformity to the materials specified in the Contract Documents or not as represented to Developer by Design/Builder.

4.4.4 The Design/Builder warrants to the Developer that products specified and intended for use in the Work are being applied in the Work properly and as the product manufacturer intended. Under no circumstances shall the Design/Builder, Subcontractor, Sub-subcontractor, manufacturer or supplier provide materials or products to the Project where its intended installation and/or use in the Work is improper or violates any laws. Any costs attributable to the correction of such improper installations are the responsibility of the Design/Builder.

4.4.5 Design/Builder shall submit to Developer a Quality Control Program for Developer's review and consent. This program will include the Design/Builder's procedure for tracking quality, Developer's method for communicating quality concerns, and the Design/Builder's procedure for addressing and correcting the same. As one portion of this program, Design/Builder shall cause all Subcontractors and Sub-subcontractors to maintain specific punch list crews and supervisors during the appropriate portions of each Subcontractor's and Sub-subcontractor's work. The Design/Builder shall maintain, for the duration of the Work, a Quality Control Supervisor responsible for communicating and resolving quality concerns with Developer.

4.4.6 Design/Builder shall cause the appropriate Subcontractors and Sub-subcontractors (and the Design/Builder for self performed work) to create a set

of overlay transparencies showing portions of the Work (i.e. ductwork, conduit plumbing, sprinkler lines, light fixtures, structure, walls, ceilings, etc.) as necessary, for the specific purpose of insuring all spaces and ceiling heights, etc., can be built as shown on the Contract Documents and that all building components will fit within the allowed spaces. Prints of these overlay transparencies are to be submitted to Design/Builder for review and approval prior to the fabrication of products, materials or placement of walls or ceilings. Any additional costs incurred due to building elements not coordinated within this set are the responsibility of the Design/Builder.

4.5 WARRANTY

4.5.1 The Design/Builder warrants to the Owner that all materials and equipment furnished under the Contract Document will be new unless otherwise specified, and that all Work will be of good quality, free from faults and defects and in conformance with the Contract Documents. All Work not conforming to these requirements, including substitutions not properly approved and authorized, shall be considered defective. If required by the Developer, the Design/Builder shall furnish satisfactory evidence as to the kind and quality of materials and equipment. This warranty is not limited by the provisions of Paragraphs 4.5.2 through 4.5.5 and shall survive any expiration or termination of the Contract. Warranty forms as described in the Specifications or elsewhere in the Contract Documents shall be submitted to Developer for review and consent at the time of the Subcontractors bids and prior to executing a contract with any Subcontractor. All warranties shall commence at initial occupancy following final completion of the Work regardless of any temporary or permanent use of equipment, products, or materials during construction or partial occupancy. Signed warranties in form approved by Developer will be forwarded to Developer at Substantial Completion. At the time each warranty is delivered, Design/Builder shall provide Developer with a list designating the persons or officers who may be notified to fulfill any claim under such warranty. Any costs that may be associated with

extending factory, manufacturer's or other warranties in order to comply with dates set forth in this Contract shall be within the Contract Sum.

4.5.2 Design/Builder hereby covenants and warrants to Owner, separately and independent of any manufacturer's or Subcontractor's or Sub-subcontractor's warranties, (i) to cause the Project to be completed in a good and workmanlike manner in conformance with the Project schedule (as the same may be extended), and in accordance with the Contract Documents and all laws, codes, ordinances, rules and regulations; (ii) to cause all materials and all portions of the Project to be readily available as and when required in connection with the construction, furnishing and equipping of the Project; and (iii) to make or cause to be made all repairs, removals or replacements arising out of any non-conforming work or any defect in labor, workmanship, materials or equipment employed, supplied or installed in the construction of the Project. All such repairs, removals or replacements shall be made at Design/Builder's sole cost and expense. The retention by Design/Builder of Subcontractors or Sub-subcontractors and the delivery of any warranties by suppliers, manufacturers, Subcontractors or Sub-subcontractors shall not in any way relieve Design/Builder from any obligations hereunder. Design/Builder shall obtain in the name of Owner (or such party as Developer may designate) or give to Owner all other warranties or guarantees specifically set forth in the Contract Documents. Design/Builder shall bear the cost of making good all work of Owner, Developer or separate contractors destroyed or damaged by such correction or removal. Design/Builder also agrees to hold Owner and Developer harmless from liability of any kind arising from damages due to said defects. Design/Builder shall make all repairs and replacements promptly upon receipt of written orders for same from Owner. If Design/Builder fails to immediately make the repairs and replacements Owner may cause completion of the Work, and Design/Builder shall be liable for all costs caused thereby, including but not limited to the costs of time delays or the cost of additional services of architect(s) made necessary by such failure.

4.5.3 If Owner deems it inexpedient to require the correction of Work damaged or not performed in accordance with the Contract Documents, an equitable deduction from the Contract Sum shall be made, by Change Order, by agreement between Design/Builder and Owner. Until such Change Order, Owner may withhold such sums as are just and reasonable from monies, if any, due Design/Builder.

4.5.4 The Design/Builder's obligations under this Paragraph 4.5 shall survive the expiration or termination of the Contract.

4.5.5 Owner's remedies against Design/Builder for breach of warranty shall not be limited to its right to require correction.

4.6 TAXES

4.6.1 The Design/Builder shall pay all sales, consumer, use and other similar taxes for the Work and the Project.

4.7 PERMITS, FEES AND NOTICES

4.7.1 The Design/Builder shall secure and shall pay for all permits, governmental fees, licenses and inspections necessary for the proper execution, completion and approval of the Work. The building permit fees for the Project are included as part of the Contract Sum.

4.7.2 The Design/Builder shall give all notices and comply with all laws, ordinances, rules, regulations, codes and orders of any public authority including the National Board of Fire Underwriters and National Fire Protection Association, bearing on the performance and approval of the Work. If any of the Contract Documents are at variance therewith in any respect, Design/Builder shall promptly notify the Developer in writing and any necessary changes shall be made by the Design/Builder. If the Design/Builder performs any Work knowing, or when in the proper performance of its design and construction duties and obligations he should have known it to be contrary to such laws, ordinances, codes, rules and regulations, he shall assume full responsibility therefor and shall bear all costs and expenses attributable thereto and shall indemnify and hold the Developer harmless therefrom.

4.7.3 The Design/Builder shall obtain all necessary governmental agency approvals and Certificate of Occupancy on behalf of the Developer.

4.8 CASH ALLOWANCES

4.8.1 The Design/Builder has included in the Contract Sum all allowances, if any, stated or required by the Contract Documents. All allowances are clearly identified as such. These allowances shall cover the net cost of the materials and equipment delivered and unloaded at the site, installation costs, handling costs on the Site and all applicable taxes. The Design/Builder's supervision, general conditions, overhead, profit and other expenses contemplated for the original allowance have been included in the Contract Sum and not in the allowance. The Design/Builder shall cause the Work covered by these allowances to be performed as the Developer may direct. If the actual cost, when determined, is more than or less than the allowance, the Contract Sum shall be adjusted accordingly by Change Order in accordance with the terms of the Agreement.

4.9 DESIGN/BUILDER'S REPRESENTATIVES

4.9.1 The Design/Builder shall employ a competent Project manager, project engineers, superintendents and necessary assistants (each with experience performing the type of work required by the Contract Documents) who shall be in

attendance at the Project Site at all times during the progress of the Work. The Design/Builder's representatives shall be satisfactory to the Owner and to the Developer throughout the duration of the Work to Final Completion and shall not be changed except with the consent of the Developer. The Project manager shall represent the Design/Builder and all communications given to the Project manager shall be as binding as if given to the Design/Builder. The Design/Builder's representatives shall insure that the Work is done efficiently, diligently and in a good and workmanlike manner and in accordance with the Contract Documents. Design/Builder shall expeditiously remove from the Project and replace any employee upon Owner's or Developer's reasonable request including any indication, or

demonstration or belief that such employee does not have sufficient experience performing the type of work required by the Contract Documents or is incompetent, abusive, dishonest or exhibits disruptive behavior, or is otherwise detrimental to the efficient execution of the Work.

4.10 PROJECT SCHEDULE

4.10.1 The Design/Builder shall promptly upon award of the Contract submit to Developer for its approval the Project Schedule which shall cover the Work to the extent required by the Contract Documents, and identify critical path activities, required durations for installation of Owner's or any lessees F.F.&E. (furniture, fixtures and equipment), and required dates for training Owner's personnel. The Project schedule shall provide for expeditious and practicable execution of the Work. This Project Schedule shall indicate the dates for the starting and completion of the various stages of the Work and shall be revised only with Owner's consent and shall not exceed the time limits set forth in the Contract Documents. Costs incurred in order to meet the Developer's dates are the responsibility of the Design/Builder and are within the Contract Sum.

4.11 SHOP DRAWINGS AND SAMPLES

4.11.1 "Shop Drawings" are drawings, diagrams, illustrations, schedules, performance charts, brochures and other data which are prepared by the Design/Builder or any Subcontractor, manufacturer, supplier or distributor supplying goods, material, labor or services for the Project, and which illustrate some portion of the Work.

4.11.2 "Samples" are Physical examples furnished by the Design/Builder to Develop which illustrate materials, equipment or workmanship, to establish standards by which the Work will be judged.

4.11.3 "Product Data" are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Design/Builder to illustrate a material, product or system for some portion of the Work.

4.11.4 Design/Builder shall submit the following schedules to the Developer for review and consent within the days indicated below after award of the Contract:

Shop Drawing Schedule: Design/Builder shall list all required Shop Drawings with reference to applicable trade section numbers within ten (10) days. Such listing shall include submission and required return dates, such return dates being reasonable enough to allow complete review by the Developer. The Design/Builder shall bring up-to-date the Shop Drawing schedule at the end of each month and shall include same with the Design/Builders Application for Payment.

Material Sample Schedule: List all required samples within ten (10) days.

Design/Builder shall submit the aforementioned schedules in a form acceptable to the Owner and the Developer, with an original and five (5) copies for the review and approval of the Owner. If changes are made in the Work affecting the aforementioned schedules, Design/Builder shall

notify the Developer of the effect on such schedules at the time the changes in the Work are proposed and prior to Owner's notice to proceed with such changes.

4.11.5 The Design/Builder shall at his expense prepare and submit to such consultants as the Owner may designate ("Consultant"), with a copy to Owner, for review all Shop Drawings as may be required by the Specifications or as may be required in amplification of the Drawings prepared by or on behalf of the Design/Builder or Consultant.

4.11.6 No fabrication, erection or construction Work shall be commenced by the Design/Builder until Design/Builder shall have approved in writing the Shop Drawings covering such Work.

4.11.7 Design/Builder shall require that all Shop Drawings shall be submitted on dates sufficiently in advance of requirements to afford ample time for reviewing same, in addition to time for correction, resubmission and recheck.

4.11.8 The Design/Builder shall thoroughly check all Shop Drawings for complete dimensional accuracy, and to insure that Work contiguous with and having bearing on the Work shown on the shop drawings is accurately and clearly shown and that all Work complies with the Contract Documents. Shop Drawings found to be inaccurate or in error by the Design/Builder shall be corrected. Shop Drawings shall bear evidence that such Drawings have been checked and approved by the Design/Builder. Any Shop Drawings not in accordance with this procedure will result in it being deemed that the Design/Builder has not complied with the provision herein specified and the Design/Builder shall bear the risk of all delays as if no Shop Drawings had been submitted. If the Design/Builder's Shop Drawings show variations from the requirements of the Contract Documents, the Design/Builder shall make specific mention of such variations on all copies of the submittals in an obvious "highlighted" or "clouded" fashion in order that, if acceptable, suitable action may be taken for proper deductive adjustment in the Contract Sum, provided such changes are deemed necessary and submitted beforehand in compliance with the terms of the Contract Documents regarding Changes to the Work and accepted by the Developer.

4.11.9 Design/Builder's Shop Drawings for each trade shall be numbered consecutively and insofar as possible shall be uniform in size. The Shop Drawings shall indicate all dimensions necessary for construction and erection; arrangement and sectional views; complete details including relationship and connection with adjoining Work of other trades; kind of materials, thickness and finish.

4.11.10 If requested by Developer the Design/Builder shall submit five (5) transparencies (five copies are acceptable for standard manufacturer's printed catalogue cuts) delivered rolled or flat (not folded), of Shop Drawings to such party(ies) as Developer may designate. Catalogue cuts or manufacturer's literature shall be marked if necessary to show the particular characteristics of the product. A clear space of approximately four inches by twenty (20) inches shall be provided on the right hand side of each transparency and each print for the "Shop Drawing Stamp - Date Received"; "Approved"; "Make Corrections Noted"; "Revise and Resubmit"; or "Rejected" notations.

4.11.11 In submitting Shop Drawings for approval, all associated Shop Drawings related to a complete assembly shall be submitted as one and the same time so that each may be checked in relation to the entire proposed assembly. However, this shall not be construed to imply approval of the assembly. It remains the

Design/Builder's responsibility to insure all products, parts and/or elements members fit properly to construct the desired final product.

4.11.12 Notes on Shop Drawings do not constitute changes to the Contract Documents. If Design/Builder believes that notes on shop Drawings constitute a change to the Contract Documents, it shall promptly notify Developer in writing and shall not proceed with fabrication or installation until directed to do so by Owner. If Design/Builder proceeds with changes to the Contract Documents as noted on Shop Drawings without first notifying Owner in writing and obtaining Owner's prior written approval, Design/Builder shall be solely responsible for all extra cost or time delays related to said changes.

4.11.13 If the Design/Builder shall alter any information on previously submitted Shop Drawings besides the notations called for he must highlight by "clouding" and note this new information to bring it to the Owner's attention.

4.11.14 Any review by Owner or Developer of any Shop Drawing and Material Samples and related Schedules shall only be for conformance with the design concept of the Project and for compliance with the information given in the Contract Documents. No review of such Schedules and Shop Drawings and/or Material Samples shall relieve Design/Builder of responsibility for accuracy of such Schedules, Shop Drawings and Material Samples, nor for proper fitting, construction of work, design of portions of the Work (if applicable), furnishing of materials or Work required by the Contract and not indicated on Shop Drawings. No reviews or approvals shall be construed as approving departures from Contract requirements.

4.11.15 Design/Builder shall have copies of all approved Shop Drawings at the site at all times and shall make them available to the Owner's representatives.

4.11.16 Design/Builder shall submit with such promptness as to cause no delay in his own Work or in that of any other contractor, Samples as specified or required. Design/Builder shall not order materials until receipt of written approval for same has been received from the Owner. Any review or approval of such Samples by or on behalf of Owner shall only be for conformance with the design concept of the Work and for compliance with the information given in the Contract Documents. Design/Builder shall submit Samples to Owner of adequate size, showing quality, type, color range, finish, texture and shall label same with material name, quality, Design/Builder's name, date, Project name, other pertinent data. Once approved, Design/Builder will finish materials equal in every respect to approved Samples.

4.11.17 Design/Builder shall keep approved Samples in a suitable place at the site for use by the Design/Builder, Subcontractors and Sub-subcontractors, Developer and their authorized representatives, to ensure that all Work is being installed in accordance with the approved Samples. All Samples become the property of the Developer.

4.11.18 When specifications require manufacturers printed installation directions, Design/Builder shall submit copies of such directions with Samples submitted to Owner for approval.

4.11.19 If requested by Owner, Design/Builder shall construct a mock-up section of the exterior facade and other portions of the Project as shown by the Contract Documents and when indicated on the Project Schedule. The cost for this facade and other mock-up sections, and the following touch-up and repair of same, are to be included within the Contract Sum as an Allowance. The Design/Builder shall be responsible for all impacts made by constructing these items or other mock ups or models required by the Contract Documents out of normal sequence.

4.12 USE OF SITE

4.12.1 The Design/Builder shall confine its operations at the Site to areas

permitted by law, ordinances, permits and the Contract Documents and shall not unreasonably encumber the Site with any materials or equipment.

4.12.2 The portion of the Owner's property that may be used by the Design/Builder shall be agreed upon with Owner and clearly designated, and trespass and encroachment on reserved space shall not be made. Any damage to space allowed for use shall be repaired by Design/Builder at his expense on release of the space. Design/Builder shall, prior to moving its forces on to the Site, submit to Developer for its approval a diagrammatic plan indicating the intended location of Design/Builder's and any Subcontractor's or Sub-subcontractor's job trailers, temporary office(s), storage areas, staging areas, parking and other similar construction facilities. All such locations shall be subject to Owner's prior written approval and once approved shall not be relocated without Developer's prior written approval.

4.12.3 Design/Builder shall provide and make available to Owner for use by Developer's Representative, office space and related furniture, fixtures, facilities, filing cabinets, and phones, at the site within the Design/Builder's Project office. Such space shall be available to Developer's Representative on a full-time basis during the process of the Work until Final Completion, and shall be comparable to that afforded Design/Builder's own Project Manager, and shall be at no cost or expense to Owner or Developer, the cost thereof being included in the Contract Sum.

4.13 CUTTING AND PATCHING OF WORK

4.13.1 All trades shall perform and time their Work so as not to require unnecessary cutting. Design/Builder shall perform the Work in accordance with information obtained from Drawings and Specifications, detail drawings, or instructions from the various trades so as to avoid where possible the necessity of cutting.

4.13.2 Design/Builder shall be responsible for the coordination of all work in connection with the Project, including that of its own forces and that of all Subcontractors, Sub-subcontractors, trades and separate contractors of Developer, if any, in order that all parts of the Work and the Project may proceed advantageously and in complete harmony. Any cost or delay caused by the

failure to coordinate the Work and the work of parties involved in the Project shall be the responsibility of Design/Builder and not the Developer in any event.

4.13.3 The Design/Builder shall not endanger any Work by cutting, excavating, or otherwise altering the Work and shall not cut or alter the work of any other contractor except with the prior consent of the Developer and of the other contractor. Any work that has been patched but cannot be restored to a completely new and acceptable level of quality in the judgment of the Developer, shall be replaced in its entirety at the cost of the Design/Builder.

4.14 CLEANING UP

4.14.1 The Design/Builder shall at all times keep the Site free from accumulation of waste material or rubbish caused by his employees or Work, and at the completion of the Work, he shall remove all his rubbish from and about the Site and all his tools, scaffolding, temporary work and surplus materials and shall leave his Work clean and ready for occupancy of unfinished areas or installation of furniture, fixtures and equipment by Developer or any lessee. Should it become necessary, for any reason, for the Design/Builder to have workmen return to an area following or during installation of F.F.&E., the Design/Builder shall be responsible for protecting and cleaning the area and the F.F.&E. products during and immediately upon completion of their work.

4.14.2 At the end of each working day, the Design/Builder shall gather and

stockpile in containers all waste material and rubbish both in the Project and on the Site arising from its Work. Separate contractors shall also perform their clean up and rubbish removal each working day.

4.14.3 Containers with stockpiled rubbish shall be removed from the Site by the Design/Builder at frequent intervals or as directed by the Developer. At no time shall any trash bin be allowed to become so full that it presents a hazard or an unsightly appearance.

4.14.4 Design/Builder shall clean and wash all windows as needed throughout the Project until and including at Substantial Completion.

4.14.5 Design/Builder shall remove paint spots, mortar, plaster, stains, dust, dirt, other soil from all surfaces, equipment and fixtures.

4.14.6 Design/Builder shall clean, wipe and repair or replace any finish damage to all finish hardware and all other metal surfaces.

4.14.7 The Design/Builder shall clean daily, and repair if necessary, the surrounding roadways and/or properties from any damage or dirt arising from the Work.

4.14.8 If the Design/Builder fails to clean up as required by this Paragraph 4.14, Developer may do or cause to be done so and the cost thereof shall. be charged to the Design/Builder as provided in Paragraph 3.4 hereof, except that notices regarding clean up shall be twenty-four (24) hours.

4.15 COMMUNICATIONS

4.15.1 The Design/Builder shall forward all communications to Owner through the Developer. The Design/Builder shall provide copies of all such communications to such parties as Owner or Developer may designate or request.

4.16 ROYALTIES AND PATENTS

4.16.1 THE DESIGN/BUILDER SHALL PAY ALL ROYALTIES AND LICENSE FEES. THE DESIGN/BUILDER SHALL DEFEND SUITS OR CLAIMS FOR INFRINGEMENT OF PATENT RIGHTS AND SHALL HOLD THE OWNER, DEVELOPER AND ARCHITECT HARMLESS FROM LOSS ON ACCOUNT THEREOF, UNLESS SUCH DEFENSE OR LOSS IS SOLELY ATTRIBUTABLE TO A PARTICULAR DESIGN, PROCESS OR PRODUCT OF A PARTICULAR MANUFACTURER OR MANUFACTURERS REQUIRED BY THE CONTRACT DOCUMENTS AND THE INFRINGEMENT WAS NEITHER KNOWN NOR SHOULD IT HAVE BEEN KNOWN TO DESIGN/BUILDER. IN THE EVENT THE DESIGN/BUILDER KNOWS OR HAS REASON TO BELIEVE THAT THE REQUIRED DESIGN, PROCESS OR PRODUCT IS AN INFRINGEMENT OF A PATENT, THE DESIGN/BUILDER SHALL BE RESPONSIBLE FOR SUCH DEFENSE AND LOSS UNLESS PRIOR WRITTEN NOTICE OF SUCH INFRINGEMENT HAS BEEN PROMPTLY FURNISHED TO THE OWNER.

4.17 PROTECTION OF THE WORK

4.17.1 Design/Builder has included in the Contract Sum costs necessary for the proper protection of completed portions of the Work. In addition to the protection of the Work as called for in the Contract Documents, Design/Builder will pay particular attention to finely finished materials and areas containing those materials during construction, such as: (1) corner protection for wood, stone, metals, (2) surface protection for floors, (3) protection for carpeted areas where Design/Builder access is required, and (4) other finished areas where finished materials are exposed to possible damage. Design/Builder is not only responsible for the installation of the protection but the maintenance of the protection throughout the Project to Final Completion.

4.18 PEST CONTROL

4.18.1 Design/Builder shall, if required by the Contract Documents, be responsible for and include in the Contract Sum costs necessary to incorporate and maintain a professional pest control program. Records of the pest control program shall be forwarded to Developer monthly.

4.19 PROJECT MEETINGS

4.19.1 The Design/Builder shall schedule, prepare for, convene, and record periodic Project meetings during the progress of the Work, the dates and frequency of which shall be mutually agreeable to Design/Builder, Owner and Developer. The Design/Builder shall issue minutes and agendas for all project meetings in a timely fashion. Project meetings and other meetings

described in the Contract Documents or as deemed necessary by the parties shall be the responsibility of the Design/Builder during the progress of the Work.

4.20 CASH FLOW PROJECTIONS

4.20.1 The Design/Builder shall prepare and submit to the Developer on a monthly basis as part of each Application for Payment, a "Cash Flow Projection" showing the Design/Builder's anticipated amounts of each of his monthly Applications for Payment to and including Final Completion.

ARTICLE 5

SUBCONTRACTORS

5.1 DEFINITION

5.1.1 "Subcontractor" is a person or organization who has a direct contract with the Design/Builder to perform any of the Work at the Project site. The term Subcontractor is referred to throughout the Contract Documents as if singular in number and masculine in gender and means a subcontractor or his authorized representative.

5.1.2 "Sub-subcontractor" is a person or organization who has a direct or indirect contract with a Subcontractor to perform any of the Work at the Project site. The term Sub-subcontractor is referred to throughout the Contract Documents as if singular in number and masculine in gender and means a Sub-subcontractor or an authorized representative thereof

5.1.3 Nothing contained in the Contract Documents shall create any contractual relationship between the Owner or Developer and any Subcontractor or Sub-subcontractor.

5.1.4 Design/Builder shall be responsible to Developer for acts and omissions of its own employees and agents and of Subcontractors and Sub-subcontractors and suppliers of all tiers and their employees and agents. Design/Builder shall also be responsible for the coordination of its Work and the Work of all Subcontractors and Sub-subcontractors, including, but not limited to, all suppliers and materialmen.

5.1.5 If any part of Design/Builder's or Subcontractor's Work depends for proper execution or results upon the Work of any other separate contractor or Subcontractor, the Design/Builder or Subcontractor shall inspect and promptly report to the Developer any apparent discrepancies or defects in such Work that render it unsuitable for such proper execution and results. Failure of Design/Builder or Subcontractor to so inspect and report shall constitute an acceptance by Design/Builder and Subcontractor of the other contractor's work as fit and proper to receive his Work, except as to defects which may develop in

the other separate contractor's Work after the execution of Design/Builder's or Subcontractor's Work.

5.1.6 Should Design/Builder or a Subcontractor or Sub-subcontractor cause damage to the Work or property of any separate contractor on the Project, the Design/Builder shall, upon due notice, settle with such other contractor, if he will so settle. If such separate contractor makes a

claim against or sues the Developer or the Owner on account of any damage alleged to have been so sustained, the Developer may notify the Design/Builder who shall, if requested by Developer, defend such proceedings at Design/Builder's expense, or Developer may, at Design/Builder's expense, engage its own defense, and if any judgment or award against the Developer or the Owner arises therefrom the Design/Builder shall pay or satisfy it and shall indemnify and reimburse the Developer and Owner for all attorneys' fees, court costs, and all other costs, fees, losses, damages or expenses which they have incurred or suffered as a result of same.

5.2 AWARD OF SUBCONTRACTS AND OTHER CONTRACTS FOR PORTIONS OF THE WORK

5.2.1 The Design/Builder shall promptly following award of the Contract, and in all events within five (5) days thereof, furnish to the Owner in writing, a list of the names of qualified Subcontractors proposed for the Work for review and approval by Owner. Should it become necessary to alter the list of approved Subcontractors, Design/Builder shall submit proposed revisions to the Owner for review and approval. Failure of the Owner to make objection to any qualified Subcontractor so proposed by Design/Builder within a reasonable period of time shall constitute acceptance of such Subcontractor, but only for the limited purpose of permitting Design/Builder to engage such party.

5.2.2 The Design/Builder shall not contract with any Subcontractor or any person or organization (including those who are to furnish materials or equipment fabricated to a special design) proposed for portions of the Work against whom Owner or Developer makes any reasonable objection. The Design/]Builder will not be required to contract with any Subcontractor or person or organization against whom he has a reasonable objection. Design/Builder shall furnish copies of all subcontracts entered into in connection with the Work immediately following the execution thereof.

5.2.3 The Design/Builder shall not make any substitution for any Subcontractor or person or organization who has been accepted by the Developer unless the substitution is acceptable to the Owner and Developer.

5.2.4 Prior to entering into a contract with any Subcontractor in connection with the Project, Design/Builder shall submit to Developer for its review Design/Builder's forms of subcontract and purchase order which will be used by Design/Builder. Developer shall promptly review such documents and advise Design/Builder of any modifications thereto required by Owner or Developer. Design/Builder shall not engage any Subcontractor for the Work except by subcontracts or purchase orders which are acceptable to Developer. Not later than one (1) month prior to each Subcontractor's first payment request, the Design/Builder shall submit to the Developer copies of the executed subcontract with all exhibits, a schedule of values to be consented to by Owner, copies of required insurances, and copies of bonds as they may apply. Such information is required by Developer prior to and as a condition precedent to any payment to Design/Builder with respect to such Subcontractor.

5.2.5 Design/Builder shall furnish to Developer monthly with his Application for Payment a correct and current list of all Subcontractors and Sub-subcontractors employed in connection

with the Work, containing such information as Developer may reasonably request. All such subcontractors and Sub-subcontractors shall be licensed by the appropriate authorities.

5.3 SUBCONTRACTUAL RELATIONS

5.3.1 All Work performed for the Design/Builder by a Subcontractor shall be pursuant to and appropriate written agreement between the Design/Builder and the Subcontractor (and where appropriate between Subcontractors and Sub-subcontractors) which agreement shall include, without limitation, provisions that:

1. preserve and protect the rights of the Owner under the Contract Documents with respect to the Work to be performed under the subcontract so that the subcontracting thereof will not prejudice such rights;

2. require that such Work be performed in accordance with the requirements of the Contract Documents;

3. require submission to the Design/Builder of applications for payment as described by these General Conditions and in a form acceptable to Owner under each subcontract to which the Design/Builder is a party, in reasonable time to enable the Design/Builder to apply for payment in accordance with the terms hereof;

4. require that all claims for additional costs or extensions of time, with respect to subcontracted portions of the Work shall be submitted to the Design/Builder in sufficient time so that the Design/Builder may comply in the manner provided in the Contract Documents for like claims, if any, by the Design/Builder upon the Owner;

5. waive all rights the contracting parties may have against one another for damages caused by fire or other perils covered by applicable property insurance, except such rights as they may have to the proceeds of such insurance held by the Owner as trustee;

6. require each Subcontractor to repair, at his expense, any damage to the Work or materials or supplies of other Subcontractors or any separate contractor engaged by Owner;

7. require each Subcontractor and Sub-subcontractor to agree to a provision indemnifying Developer and Owner to the extent attributable to the Work to be performed by them or by persons or entities for whom they are liable or responsible in all material respects equal and comparable to Design/Builder's obligations of indemnity under the Contract Documents; and

8. obligate each Subcontractor specifically to consent to the provisions of these General Conditions, including without limitation those of this Paragraph 5.3 and those permitting Owner to terminate Design/Builder's performance of the Agreement and/or to accept assignment of subcontracts and purchase orders.

ARTICLE 6

SEPARATE CONTRACTS

6.1 RIGHT TO AWARD SEPARATE CONTRACTS

6.1.1 The Developer and the Owner shall have the right to award other contracts in connection with other portions of the Project. Tenant(s) of Owner for the Project also intend to award contracts for work in connection with finishes and systems that are not within Design/Builder's scope of work.

6.1.2 When separate contracts are awarded for different portions of the Project, the contractor in the contract documents in each case shall be the contractor who signs each separate contract with the Developer or the Owner.

6.1.3 The Design/Builder shall be responsible for the coordination of the work of his own forces and those of his Subcontractor with any separate contractor of Developer or Owner or of Owner's tenant(s).

6.2 MUTUAL RESPONSIBILITY OF CONTRACTORS

6.2.1 The Design/Builder shall afford other contractors reasonable opportunity for the introduction and storage of their materials and equipment and the execution of their Work and shall properly connect and coordinate his Work with theirs.

6.2.2 The Developer and the Owner and Owner's tenant(s) shall have the right at all times to deliver, place and install furnishings and equipment, as the Work progresses, as long as there is no unreasonable interference with the Work being performed by Design/Builder. If the Work is behind schedule for any reason the Developer and/or the Owner shall have the right to proceed with the delivery, placement and installation of furnishings and equipment notwithstanding that any unreasonable interference with the Work shall occur.

6.2.3 The Design/Builder shall cooperate with any contractors engaged by the Developer or the Owner and installing equipment and Design/Builder shall ascertain from representatives of the same as to space requirements, access and details of equipment and the installation of same.

6.3 CUTTING AND PATCHING UNDER SEPARATE CONTRACTS

6.3.1 Design/Builder and subcontractors shall be responsible for any cutting, fitting and patching that may be required to complete their Work except as otherwise specifically provided in the Contract Documents. Design/Builder and Subcontractors shall not endanger any Work of any other contractor or subcontractor by cutting, excavating or otherwise altering any Work and shall not cut or alter the Work of any other contractor engaged by the Developer or the Owner except with the prior written consent of the Developer.

6.3.2 Any costs caused by defective or ill-timed Work shall be borne by the party responsible therefor.

6.3.3 Design/Builder and subcontractors shall protect, repair and replace and thoroughly clean, if necessary, any work of other contractors if for any reason their work damages the work of other contractors.

6.4 RIGHT TO CLEAN UP

6.4.1 If a dispute arises between the separate contractors as to their responsibility for cleaning up as required by Paragraph 4.14, the Developer may clean up and charge the cost thereof to the several contractors as the Developer shall determine to be just.

ARTICLE 7

MISCELLANEOUS PROVISIONS

7.1 GOVERNING LAW

7.1.1 The Contract shall be governed by the law of the State in which the Project is located and all obligations hereunder shall be performable in the State and County in which the Project is located, unless otherwise provided in the Design and Build Construction Agreement.

7.2 SUCCESSORS AND ASSIGNS

7.2.1 Owner and Design/Builder each binds itself its successors, assigns and legal representatives to the other party hereto and to the successors, assigns and legal representatives of such other party in respect to all covenants, warranties, representations, agreements and obligations contained in the Contract Documents. Design/Builder shall not assign the Contract in whole or in part or any amounts due or to become due thereunder without the prior written consent of Owner, and any attempted assignment without Owner's prior written consent shall be a material breach of this Agreement, but otherwise of no force or affect.

7.3 WRITTEN NOTICE

7.3.1 Any notice which any party is required to give to any other party may be delivered to such party personally or may be sent via telecopy mailed or sent by nationally recognized overnight courier. Any mailed notice shall be sent certified, return receipt requested, properly addressed and with proper postage. All notices shall be sent to the party in issue at its address as set forth in the Agreement or at such other address as may be designated in writing by such party all notices shall be deemed served upon the earlier of being delivered to the address so designated or three (3) days after being deposited with the U.S. Postal Service.

7.4 CLAIMS FOR DAMAGES

7.4.1 Should either Owner or Design/Builder suffer injury or damage to person or property because of any act or omission of the other party or of any of his employees, agents or others for whose acts he is legally liable, a claim shall be made in writing to such other party within twenty (20) days after the first observance of such injury or damage.

7.5 PERFORMANCE BOND AND LABOR AND MATERIAL PAYMENT BOND

7.5.1 If required by Owner, Design/Builder shall provide Owner with a performance bond and a labor and material payment bond each in a penal sum equal to the Contract Sum, covering the faithful performance of the Contract and the payment of all obligations arising thereunder, written in a form acceptable to Owner, or as may be required under applicable law, and from bonding companies reasonably approved by Owner. All such bonds shall designate additional or coobligees required by Owner.

7.5.2 It is understood and agreed that the Contract Sum does not includes the cost of payment, performance or other bonds by Design/]Builder, and if any such bonding is not required by Owner, the cost thereof shall be added to deducted the Contract Sum by Change Order.

7.6 RIGHTS AND REMEDIES

7.6.1 The duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder shall be a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law except as expressly and specifically set forth to the contrary in the Contract Documents.

7.7 TESTS

7.7.1 If the Contract Documents, laws, codes, ordinances, rules, regulations or orders of any public authority having jurisdiction require any Work to be inspected, tested or approved, the Design/Builder shall give the Developer prior written notice of its readiness and of the date arranged so the Developer may observe such inspection, testing or approval. The Design/Builder shall bear all costs of such inspections, tests and approvals unless otherwise provided in the Contract Documents.

7.7.2 If after the commencement of the Work the Owner or Developer determines that any Work requires special inspection, testing or approval which Subparagraph 7.7.1 does not include, Owner or Developer may instruct the Design/Builder to order such special inspection, testing or approval, and the Design/Builder shall give prior written notice as provided in Subparagraph 7.7.1. If such special inspection or testing reveals (1) a failure of the Work to comply with the requirements of the Contract Documents, or (2) the failure of the performance of the Work to comply with laws, ordinances, rules, regulations, codes or orders of any public authority having jurisdiction, the Design/Builder shall bear all costs thereof, including any architect's fees for additional services made necessary by such failure; otherwise the Owner shall bear such costs, and an appropriate Change Order shall be issued.

7.7.3 Required certificates of inspection, testing or approval shall be secured by the Design/Builder and promptly delivered by him to the Owner.

7.7.4 If the Developer or Owner wishes to observe the inspections, tests or approvals required by this Paragraph 7.7, Developer or Owner may do so with or without notice to the Design/Builder.

7.7.5 Neither the observations by the Developer or Owner nor inspections, tests or approvals by persons other than the Design/Builder shall relieve the Design/Builder from his obligations to perform the Work in accordance with the Contract Documents.

7.7.6 The Owner may conduct and pay for other testing as deemed necessary or appropriate in Owner's sole discretion.

7.7.7 All other testing required by the Contract Documents shall be the responsibility of the Design/Builder and are included within the Contract Sum.

7.8 INTEREST

7.8.1 Any monies not paid when due to either party under this Contract shall bear interest at the rate of one (1) percentage point over the prime rate as established from time to time by Owner's lender.

7.9 DISPUTES

7.9.1 The Design/Builder shall carry on the Work and maintain the Project Schedule during any dispute or proceeding, unless otherwise mutually agreed by Design/Builder and the Owner in writing.

7.10 MISCELLANEOUS

7.10.1 Design/Builder shall provide working office space for representatives of Owner and its Project tenant at the site. Such space may be within the job trailers maintained by Design/Builder, and shall have basic furniture and facilities comparable to those of Design/Builder.

7.10.2 Owner's tenant for the Project shall be afforded access to the Project and permitted to inspect Work and to attend job progress meetings. Design/Builder shall not, however, take instructions or directions from tenant(s).

7.10.3 Design/Builder's design and construction obligations include compliance with the Project's gross square footage requirements set forth herein. Design/Builder shall ensure that the Project design and construction provides for the specified gross square footage as determined pursuant to BOMA Standards. As used herein, "BOMA Standards" refer to the American National Standard of Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-1996 published by the Building Owners and Managers Association International.

ARTICLE 8

TIME

8.1 DEFINITIONS AND SUBSTANTIAL COMPLETION

8.1.1 The "Contract Time" is the period of time allotted in the Contract Documents for Substantial Completion of the Work.

8.1.2 The date of commencement of the Work is the date of the Agreement unless otherwise established in a "Notice to Proceed" issued by the Owner to the Design/Builder.

8.1.3 The terms "Substantial Completion" of the Work or the date the Work is "Substantially Completed" or "Substantially Complete" shall mean performance of all Work (exclusive of minor items of unfamiliar work that do not preclude beneficial use and occupancy of the premises), together with such additional items as may be specified therefor in Section VI of the Agreement or elsewhere in the Contract Documents.

8.1.4 The term "day" as used in the Contract Documents shall mean calendar day.

8.1.5 In the event Owner determines that installation of all or part of the trees, shrubs, grass, ground cover, flowers, foliage or other landscaping required under the Contract Documents (the "Landscaping") should not be performed or completed prior to Substantial Completion due to weather conditions or otherwise, Developer may at its sole option and discretion recognize Substantial Completion without completion of such portion of the Landscape as designated to Design/Builder by Owner in writing. In such event, Landscaping shall be completed as soon after Substantial Completion as possible and as weather conditions permit, but in all events within ninety (90) days after Substantial Completion unless otherwise agreed by Owner in writing. It is understood and agreed that the foregoing determinations with regards to Landscaping are for the benefit of Owner and are exercisable solely by Owner and shall not give rise to any right or claim to extension of the Contract Time or increase in the Contract Sum by Design/Builder or any Subcontractor or Sub-subcontractor or other person or party performing all or any part of the Work or the Landscaping.

8.2 PROGRESS AND COMPLETION

8.2.1 All time limits stated in the Contract Documents are of the essence of the Contract.

8.2.2 The Design/Builder shall begin the Work on the date of commencement as defined in subparagraph 8.1.2. He shall carry the Work forward expeditiously with adequate forces and shall achieve Substantial Completion within the Contract Time.

8.2.3 Design/Builder shall take all steps necessary to ascertain the nature and location of the Work, and the general and local conditions which can affect the Work or the cost thereof. Any failure by Design/Builder to do so will not relieve it from responsibility for successfully performing the Work without additional expense to Owner. Owner assumes no responsibility for any understanding or representation concerning conditions made by any of its officers or agents

other person or party, including without limitation, environmental or weather conditions in the area of the Project, unless such understanding and/or representation by Developer is expressly stated in the Contract Documents.

8.2.4 Unless a contrary interpretation is clearly expressed, if a date or time of completion is included in the Agreement, it shall be the date of Substantial Completion as defined in Subparagraph 8.1.3, including authorized written extensions thereto.

8.3 DELAYS AND EXTENSIONS OF TIME

8.3.1 It is understood and agreed that Owner and Design/Builder have specifically considered and negotiated rights and responsibilities with respect to events and occurrences which could delay or disrupt timely completion of the Work. The agreement of the parties is set forth in Section VI - Time for Performance - of the Agreement, and the provisions thereof shall govern and control over any inconsistent or conflicting provisions set forth in any other Contract Document or elsewhere.

ARTICLE 9

PAYMENTS AND COMPLETION

9.1 CONTRACT SUM

9.1.1 The Contract Sum is stated in the Agreement and is the guaranteed maximum amount payable to the Design/Builder for the performance of the Work under the Contract Documents, subject to increases or decreases thereto based upon approved Change Orders.

9.2 SCHEDULE OF VALUES

9.2.1 Prior to submitting its first Application for Payment the Design/Builder shall prepare and submit to the Developer and Owner the Schedule of Values indicating costs of the various portions of the Work aggregating the total Contract Sum divided so as to facilitate payments to subcontractors, prepared in such form as specified by Owner and supported by such data to substantiate its correctness as the Owner may require. This Schedule of Values shall be subject to the review and approval of Owner and Developer and as agreed to by the Developer, shall be used as a basis for the Design/Builder's Applications for Payment.

9.2.2 From time to time, the Design/Builder may need to revise certain portions of the Schedule of Values to reflect change order amounts or other adjustments permitted by the Agreement. The Design/Builder shall prepare a revised Schedule of Values indicating proposed revisions for Developer's review and approval. Only following such approval shall Design/Builder utilize the revised Schedule of Values for the purposes of Applications for Payment.

9.3 PROGRESS PAYMENTS

9.3.1 The Design/Builder shall deliver to the Owner by the time set forth in the Design and Build Construction Agreement a complete, notarized Application for Payment, supported by the following documentation in a form acceptable to the Owner:

(1) A waiver and release of lien in form and substance acceptable to Owner, by the Design/Builder, all Subcontractors and all Sub-subcontractors and suppliers who furnish labor, services, equipment or materials in connection with the construction of Project during the period covered by the Application for Payment and all past periods, as may be required to assure an effective waiver and release of mechanics' liens under the laws of the state in which the Project is located; and

(2) Copies of other appropriate documentation to substantiate each payment request requested by Owner or Developer or required by Owner's lender or title insurer.

Developer and Owner and their designees shall have the right to review and audit all of Design/Builder's books and records relating to the Project (and to make copies thereof) from time to time upon not less than twenty-four (24) hours notice. Design/Builder shall keep its books and records in an organized condition in the State and County in which the Project is located.

9.3.2 Design/Builder shall bear the risk of physical loss or damage to any and all materials, equipment and portions of the Work, whether at the site or stored off-site. Neither Owner nor Developer shall not be responsible for, and Design/Builder agrees to protect the Work, materials, tools and equipment against loss or damage by fire, theft, or accident and not to make any claim or demand upon Owner or Developer for injury, loss or damage to Design/Builder, his agents or employees for his Work, materials, tools or equipment, or on account of any act or omission of Developer or any third person or persons.

9.3.3 The Design/Builder warrants and guarantees that all Work, materials and equipment covered by an Application for Payment are incorporated in the Work and that title will pass to the Owner (or such party as Owner may designate) upon the earlier of incorporation into the Work or receipt of such payment by the Design/Builder, free and clear of all liens, claims, security interests or encumbrances, and that no Work, materials or equipment covered by an Application for Payment will have been acquired by the Design/Builder or by any other person performing the Work at the Site or furnishing materials and equipment for the Project subject to an agreement under which an interest therein or an encumbrance thereon is retained by the seller or otherwise imposed. Additionally Design/Builder shall secure from any Subcontractor, Sub-subcontractor or other supplier of materials and/or labor prior to making payment to him, a notarized statement to the effect that said Subcontractor, Sub-subcontractor or other supplier of materials, or labor, warrants and represents that the lien waiver and release to be submitted in connection with any Application for Payment covers all supplies, materials and labor utilized by said Subcontractor, Sub-contractor or supplier in performing his Work and that such representation is made to secure payment from Design/Builder and that Design/Builder has relied thereon in making the payment requested.

9.3.4 Design/Builder acknowledges that Applications for Payment are subject to the approval, in whole or in part, of Owner and Owner's lender.

9.4 PAYMENT

9.4.1 To the extent that an Application for Payment is approved by Owner in accordance with and subject to the provisions of this Article 9 and those of the Agreement regarding payments, payments shall be paid to Design/Builder not later than the date set forth therefor in the Design and Build Construction Agreement.

9.4.2 The Design/Builder shall promptly pay each Subcontractor, upon receipt of payment from the Owner, out of the amount paid to the Design/Builder on account of such Subcontractor's work, the amount to which said Subcontractor is entitled as shown by the approved Subcontractor's application and Schedule of Values, reflecting the percentage actually retained, if any, from payments to the Design/Builder on account of such Subcontractor's work. The Design/Builder shall, by an appropriate agreement with each Subcontractor, require each Subcontractor to make payments to his Sub-subcontractors in similar manner.

9.5 PAYMENTS WITHHELD

9.5.1 The Owner may withhold payment to the extent reasonably necessary to protect the Owner as provided in the Contract Documents. Developer may withhold payment or, because of subsequently discovered evidence or subsequent inspections, it may nullify the whole or any part of any payment previously issued to such extent as it deems in good faith necessary to avoid damage or loss on account of the Design/Builder's failure to adhere to the requirements of the Contract Documents or to satisfy its obligations thereunder.

9.6 FAILURE OF PAYMENT

9.6.1 If the Owner should fail to approve any Application for Payment, through no fault of the Design/Builder, with reasonable promptness after receipt of the Design/Builder's Application for Payment, or if the Design/Builder is not paid any amount owed to it hereunder, then the Design/Builder may, upon fifteen (15) additional days written notice to the Owner, stop the Work until payment of the amount owing has been received except for instances where the provisions of Subparagraph 9.5.1 apply.

9.7 OCCUPANCY

9.7.1 Developer or the Owner or any lessee or purchaser may utilize portions of the Project prior to Substantial Completion of the Work as shown on the Project Schedule for the purposes of installing and testing furniture, fixtures and equipment and training employees or otherwise. The Contract Sum includes costs for any out of phase construction, temporary HVAC, electrical, plumbing, etc., as well as acceptable temporary parking and safe access to and from portions of the Project.

9.7.2 Based upon the Project Schedule, Owner shall schedule delivery of furniture, fixtures and equipment for the Project. Design/Builder acknowledges and agrees that Design/Builder's failure to comply with the requirements identified in the Project Schedule may result in cost increases to Developer or the Owner or any lessee or purchaser for furniture, fixtures and equipment, warehousing, installation, pre-opening costs and capital costs for the Project. Design/Builder agrees to reimburse Developer for any such additional costs incurred by Developer or the Owner or any lessee or purchaser resulting from Design/Builder's failure to comply with the requirements identified in the Project Schedule by deductive Change Order.

9.7.3 When the Design/Builder considers the Work to be Substantially Complete, Design/Builder shall notify Developer in order that Developer and Design/Builder

may review the Work. Developer will promptly review the Work and shall compile and issue to Design/Builder a list of items to be completed or corrected (the "Punch List Work"). The Design/Builder will complete all outstanding items within thirty (30) days. Failure to include any item(s) as Punch List Work shall not alter the responsibility of Design/Builder to complete all Work in accordance with the Contract Documents.

9.7.4 Owner shall be provided full occupancy of the Work (or any designated portion thereof) upon issuance of a Certificate of Occupancy from the appropriate governing authorities. Such access and/or occupancy shall not be deemed an acceptance of the Work not completed in accordance with the Contract Documents, nor shall it prejudice Owner's right to reject unsatisfactory Work or to withhold acceptance until directed corrective Work is completed by the Design/Builder.

9.7.5 Owner (or such party as Owner may designate) shall assume responsibility for providing heat, utilities and operation and maintenance of mechanical and electrical systems (including controls) of the Project at the time of Substantial Completion and Owner's (or such party as Owner may designate) personnel shall have received the manufacturer's written brochures, catalog cuts, maintenance instructions, training and such other information designated by the Specifications. Punch List Work shall be completed no later than thirty (30) days following the date of Substantial Completion.

9.8 FINAL COMPLETION AND FINAL PAYMENT

9.8.1 Upon receipt of written notice from Design/Builder that in its opinion the Work is ready for final inspection and Final Acceptance, and upon receipt of a final Application for Payment, Owner will promptly make such inspection and, when they find the Work acceptable under the Contract Documents and the Contract fully performed, Owner will thereafter issue a final progress payment within the time provided in the Design and Build Construction Agreement (herein referred to as the "Final Payment"). If Owner shall determine that the Punch List Work is not completed, Design/Builder agrees to reimburse Owner for any reinspection costs incurred. Reimbursement shall be accomplished by a deductive Change Order to the Contract Sum, or by payment from Design/Builder.

9.8.2 Final Payment shall not become due until the Design/Builder submits to the Owner (1) an affidavit, in form and substance acceptable to Owner, that all payrolls, bills for materials,

supplies and equipment, and other indebtedness connected with the Work for which the Design/Builder, Owner or Developer's or Owner's property might in any way be responsible, have been paid or otherwise satisfied by Design/Builder; (2) all items required under Paragraph 9.3; (3) consent of surety, if any, to Final Payment; and (4), any other material required by the Contract Documents or reasonably requested by Owner, its lender or title insurer. If any Subcontractor or Sub-subcontractor refuses a release or waiver required by the Owner, the Design/Builder shall if requested by Owner furnish a bond satisfactory to the Owner to indemnify against any such lien or claim, and if any such lien remains unsatisfied after all payments are made, the Design/Builder shall refund to the Owner all moneys that the Developer or Owner may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees.

9.8.2 Acceptance of Final Payment by the Design/Builder, a Subcontractor, Sub-subcontractor or material supplier shall constitute a waiver of claims by that payee except those previously made in writing and delivered to the party against whom such claim is made and identified by that payee as unsettled at the time of final Application for Payment.

ARTICLE 10

PROTECTION OF PERSONS AND PROPERTY

10.1 SAFETY PRECAUTIONS AND PROGRAMS

10.1.1 The Design/Builder shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the Work.

10.2 SAFETY OF PERSONS AND PROPERTY

10.2.1 The Design/Builder shall take all reasonable precautions for the safety of, and shall provide all reasonable protection to prevent damage, injury or loss to

(1) all employees on the Work and all other persons who may be affected thereby;

(2) all the Work and all materials and equipment to be incorporated therein, including Developer's, Owner's and/or any lessees or purchaser's materials and equipment, whether in storage on or off the Site, under the care, custody or control of the Design/Builder or any of his Subcontractors or Sub-subcontractors; and

(3) other property at the site or adjacent thereto, including trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not designated for removal, relocation or replacement in the course of construction.

10.2.2 The Design/Builder shall give all notices and comply with all applicable laws, ordinances, codes, rules, regulations and lawful orders of any public authority having jurisdiction for the safety of persons or property or to protect them from damage, injury or loss. Design/Builder shall erect and maintain, as required by existing conditions and progress of the

Work, all reasonable safeguards for safety and protection, including, posting danger signs and other warnings against hazards, promulgating safety regulations and notifying owners and users of adjacent utilities. Design/Builder shall maintain a safety plan and program, and submit such to Owner for its review; provided, however, that neither the review nor the acceptance, or approval of or comment to such plan and program shall relieve Design/Builder of responsibility therefor or impose responsibility on Owner or its Developer.

10.2.3 When the use or storage of explosives or other hazardous materials or equipment is necessary for the execution of the Work, the Design/Builder shall exercise the utmost care and shall carry on such activities under the supervision of properly qualified personnel.

10.2.4 All damage or loss to any property referred to in Subparagraphs 10.2.1(2) and 10.2.1(3) and not reimbursed by the proceeds of Property Insurance referred to in Subparagraph 11.3 hereafter caused in whole or in part by the Design/Builder, any Subcontractor and Sub- subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable or responsible, shall be promptly remedied by the Design/Builder at such party(ies)'s sole cost and at no cost to Owner except damage or loss attributable to the acts or omissions of the Owner and not attributable to the fault or negligence of the Design/Builder or any Subcontractor, Sub-subcontractor or anyone directly or indirectly employed by any of them or by anyone for whose acts any of them may be liable or responsible.

10.2.5 The Design/Builder shall designate a responsible member of his organization at the Site whose duty shall be the prevention of accidents. This person shall be designated in writing by the Design/Builder to the Owner.

10.2.6 The Design/Builder shall not load, off-load or permit any part of the Work to be loaded or off-loaded so as to endanger its safety.

10.2.7 Design/Builder shall continuously maintain adequate protection of all Work from damage and to protect the Developer's property from injury or loss arising in connection with this Contract, and shall perform all Work in accordance with the provisions of the statutes and regulations of the Occupational Safety and Health Administration ("OSHA") and such additional requirements as may be required by OSHA field inspections.

10.3 EMERGENCIES

10.3.1 In any emergency affecting the safety of persons or property, the Design/Builder shall act, at his reasonable discretion to prevent threatened damage, injury or loss. Any additional compensation or extension of time claimed by the Design/Builder on account of emergency Work shall be determined as provided in the provisions of the Contract Documents with respect to Changes.

ARTICLE 11

INSURANCE

11.1 DESIGN/BUILDER'S LIABILITY INSURANCE

11.1.1 The Design/Builder shall purchase and maintain such insurance as will protect him from claims set forth below which may arise out of or result from the Design/Builder's operations under the Contract, whether such operations be by himself or by any Subcontractor or Sub-subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them maybe liable or responsible to cover:

(A) Workers' Compensation Insurance insuring the Design/Builder's full liability under the Workers' Compensation and Occupational Disease Laws of the State where the Work is performed and Employer's Liability with minimum occurrence/aggregate limits of $500,000 covering:

(1) claims under workers' compensation or disability benefit acts; and

(2) claims for damages because of bodily injury, occupational sickness or disease, or death of employees.

(B) Owner's/contractor's protective ("OCP") liability coverage and/or commercial liability general insurance that conforms to the 1988 Insurance Service Office ("ISO") commercial general liability form with coverage on an "occurrence" basis which shall insure Design/Builder and Developer and Owner (as additional primary insureds) for Work performed under the Contract against, among other things:

(1) claims for damages because of bodily injury, sickness or disease, or death of any person other than his employees;

(2) claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by the Design/Builder, or (2) by any other person;

(3) claims for damages, other than the Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom; and

(4) claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use by any motor vehicle.

(C) The policies referred to in (B) above shall contain the personal injury and broad form property damage endorsements modified as set forth below, and the policy shall be endorsed to remove any property damage liability exclusions pertaining to loss by explosion, collapse or underground damage. The policy shall include coverage for:

(1) Completed operations liability. However, with respect to completed operations liability, and when the entire Work has been determined complete by the Owner and Design/Builder and accepted by the Owner, Design/Builder agrees to furnish

evidence of such insurance coverage for twenty-four (24) months following date of acceptance by the Developer, on an annual basis as the policies are issued to Design/Builder.

(2) Design/Builder's protective liability to cover Design/Builder's liability arising out of Work performed by its subcontractors.

(3) Blanket contractual liability, including insurance for the indemnification agreement set forth in the Design and Build Construction Agreement.

(4) Personal injury liability with exclusions 2(a) (4) deleted.

(5) Broad form property damage extended to apply to completed operations.

(6) Automobile liability insuring Design/Builder for operations of all owned, hired and non-owned vehicles.

(7) Limit of liability shall not be less than:

a) Bodily injury and property damage except automobile: $2,000,000 combined single limit per occurrence including completed operations.

b) Bodily injury and property damage, automobile: $1,000,000 combined single limit per occurrence.

(D) "Umbrella" Excess Liability - The insurance policy shall insure the Design/Builder and Owner for an amount of not less than $10,000,000 combined single limit bodily injury/property damage excess of primary employer's liability and comprehensive liability insurance as set forth in Paragraphs 11.1.1 (A), (B) and (C) above.

11.1.2 The insurance required by Subparagraph 11.1.1 shall be written for not less than any limits of liability required by law and shall contain a blanket waiver of subrogation in favor of Owner and Design/Builder.

11.1.2.1 Policies required under Paragraph 11.1.1 shall contain a standard severability of interest clause which provides that the insurance applies separately to each insured and the following words verbatim: Owner is interested in the maintenance of this insurance and it is agreed that this insurance will not be canceled, materially changed or not renewed without at least thirty (30) days advance written notice to Owner by Certified Mail, Return Receipt Requested.

11.1.3 Certificates of Insurance acceptable to the Developer shall be filed with the Owner prior to commencement of the Work. Said Certificates shall name Owner and such other parties, if any, as Developer may designate, as an additional named insured against all claims under the specified policies. These

Certificates shall contain a provision that coverages afforded under the

policies will not be canceled or materially changed or not renewed until at least thirty (30) days prior written notice has been given to the Owner and such additional party(ies) as Developer may designate by Certified Mail, Return Receipt Requested. All insurance required to be maintained by Design/Builder and any Subcontractor or Sub-subcontractor shall be primary insurance and any insurance maintained by Owner will apply as excess over all other insurance, whether designated as primary, Umbrella, excess or excess/umbrella. In no event shall any failure of Owner to receive Certificates of Insurance required hereunder or to demand receipt of such Certificates prior to Design/Builder commencing the Work be construed as a waiver by Developer of Design/Builder's obligations to obtain insurance pursuant to the Contract Documents. The obligation to procure and maintain any insurance required by the Contract Documents is a separate responsibility of Design/Builder and independent of the duty to furnish Certificates of such Insurance policies.

11.2 OTHER INSURANCE REQUIREMENTS

11.2.1 The Owner and the Developer shall be included as additional named insureds under the Commercial General Liability Insurance and the "Umbrella" excess liability coverage as set forth in Subparagraphs 11.1.1(B) and (C) above.

11.3 PROPERTY INSURANCE

11.3.1 Design/Builder shall purchase and maintain property insurance upon the entire Work at the Site to the full insurable value thereof less a deductible in an amount permitted by Owner. This insurance shall include as insureds or additional insureds the interests of the Owner, the Design/Builder, Subcontractors and Subsubcontractors, in the Work and shall insure against the perils of Fire, Extended Coverage, and shall be an "All-Risk" type of policy to insure against physical loss or damage from perils generally covered by a "Difference in Condition" policy, such as flood, earthquake, theft, builders risk and such other perils which are usually not included in a simple Fire and Extended Coverage Policy. Design/Builder will be fully responsible for the inclusion of all Subcontractors and Sub-subcontractors who should be insured under this policy and Owner will not assume any financial responsibility caused by failure of Design/Builder to so insure.

11.3.2 Any insured loss is to be adjusted with the Developer and made payable to the Owner as trustee for the insureds, as its interests may appear, subject to the requirements of any applicable mortgage clause and of Subparagraph 11.3.7.

11.3.3 The Owner and Design/Builder waive all rights against each other for damages caused by fire or other perils to the extent covered by insurance provided under this Paragraph 11.3 except such rights as they may have to the proceeds of such insurance held by the Owner as trustee. The Design/Builder shall require similar waivers by Subcontractors and Subsubcontractors. It is understood that losses due to the negligence of Design/Builder, any Subcontractor, Sub-subcontractor or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable or responsible or which are not covered by Owner's property insurance or which are under the deductible are the responsibility of the Design/Builder.

11.3.4 The Owner as depository shall, upon the occurrence of an insured loss, deposit in a separate account any money so received, and Owner shall distribute it in accordance with such agreement as the entities in interest may reach.

11.3.5 Should all or any part of the Work or construction covered by this

Contract be damaged or destroyed by any of the perils covered by the All-Risk Builder's Risk Property Insurance specified in Paragraph 11.3 before final completion of said Work, the Design/Builder, upon written instructions from the Owner, shall proceed to replace and repair and complete said Work, in accordance with original approved Drawings and Specifications to the extent said Work is covered by the proceeds of various insurance policies. In this event, the provisions of the Contract Documents shall remain in full force and effect except that the Contract Sum and the Contract Time shall be increased by the total cost and additional time agreed upon by Owner and Design/Builder for removing and replacing all of the damaged and destroyed Work. The Owner, however, at its option in the event of damage or destruction to the Work by any of the aforementioned causes, may give written notice to the Design/Builder declaring its desire to terminate Design/Builder's performance of the Contract and after paying or adjusting all of the accounts charged to the Work in accordance with the Contract, may terminate Design/Builder's performance of the Contract.

11.3.6 Notwithstanding anything to the contrary, Owner shall not be deemed to be either a custodian, bailee, nor insurer or in any other capacity or manner responsible for any supplies, tools or equipment used by Design/Builder or any Subcontractor or Sub-subcontractor in connection with the Work which may be left at the Site by Design/Builder or any Subcontractor or any Sub-subcontractor; it being expressly understood and agreed that Design/Builder and any Subcontractor or Sub-subcontractor shall be solely responsible for securing, maintaining and insuring all such supplies, tools or equipment whether the same be owned or leased by Design/Builder, Subcontractor, Sub-subcontractor or by any other third party providing labor or materials to the Work, the Project or the Site.

11.3.7 The Owner as trustee shall have power to reasonably and fairly adjust and settle any loss with the insurers.

11.4 LOSS OF USE INSURANCE

11.4.1 The Owner, at his option, may purchase and maintain such insurance as will insure
against loss of use of its property, including, but not limited to, loss of income, additional interim interest expense, insurance premiums.

11.5 SUBCONTRACTORS' INSURANCE

11.5.1 The following forms of insurance are required to be furnished by all Subcontractors and Sub-subcontractors:

(1) Workers' Compensation Insurance to cover full liability under workers' compensation Laws of the State where the Work is performed and employer's liability coverage with minimum occurrence/aggregate limits of $500,000.

(2) Commercial general liability insurance with coverage on an "occurrence" basis and insuring Subcontractors and Sub-subcontractors for Work performed under the Contract against claims for bodily injury, including death of any person other than Subcontractors' employees, and property damage for injury to or destruction of tangible property, other than the Work itself. The policy shall contain the personal injury and broad form property damage endorsements modified as set forth below, and the policy shall be endorsed to remove any property damage liability exclusions pertaining to loss by explosion, collapse or underground damage. These policies shall name Owner and such other party(ies), if any, as Owner may designate, as an additional insured as respects liability arising out of operations performed by or on behalf of the named insured. The policy shall include coverage for:

a) Completed operations liability.

b) Design/Builders protective liability to cover Subcontractors' liability arising out of work performed by its Sub subcontractors.

c) Blanket contractual liability insuring the indemnification agreement contained in a subcontract.

d) Personal injury liability with employee exclusion deleted.

e) Broad form property damage extended to apply to completed operations.

f) Automobile liability insuring Subcontractors for operations of all owned, hired and non-owned vehicles.

g) The limits of liability shall not be less than:

(i) Bodily injury, except automobile

$5,000,000 each occurrence
$5,000,000 aggregate Completed Operations

(ii) Property damage, except automobile

$5,000,000 each occurrence
$5,000,000 aggregate

(iii) Bodily injury, automobile

$2,000,000 each person
$2,000,000 each occurrence

(iv) Property damage, automobile

$2,000,000 each occurrence

Either Design/Builder or Owner, however, has the option to require higher limits of liability from designated Subcontractors or Sub-subcontractors.

Certificates of Insurance shall be filed with the Design/Builder and copied to Owner prior to commencement of Subcontractors' and Sub-subcontractors' work. The requirements of Paragraphs 11.1.2.1 and 11.1.3 shall apply to the insurance obligations of Subcontractors and Sub-subcontractors.

11.6 TRANSITION INSURANCE

11.6.1 When the Work is Substantially Complete, and Owner has accepted the Work, Owner, at his option, may purchase and maintain such insurance as will insure him against loss of the Work due to fire or other hazards, however caused.

11.6.2 Until such time as Design/Builder has received Final Payment from Owner, said insurance purchased and maintained by Owner under Subparagraph 11.6.1 shall insure the interests of Owner, the Design/Builder, its Subcontractors and Sub-subcontractors. The carrier providing this insurance shall endorse the policy waiving carrier's right of recovery from Owner, the Design/Builder, its Subcontractors and Sub-subcontractors until such time as the Design/Builder and all subcontractors have been paid in full.

ARTICLE 12

CHANGES IN THE WORK

12.1 CHANGE ORDERS

The provisions of this Article 12 are subject to and governed by those of the Design and Build Construction Agreement with respect to Changes in the Work.

12.1.1 The Owner, without invalidating the Contract and without notice to sureties, may order Changes in the Work, within the general scope of the Contract consisting of additions, deletions or other revisions, the Contract Sum and the Contract Time being adjusted accordingly. All such Changes in the Work shall be authorized by Change Order, and shall be executed under the applicable conditions of the Contract Documents.

12.1.2 A "Change Order" is a written order to the Design/Builder signed by the Owner, issued after the execution of the Contract, authorizing a Change in the Work or an adjustment in the Contract Sum or the Contract Time. A Change Order shall also be signed by the Design/Builder if he agrees to the adjustment in the Contract Sum or the Contract Time. The Contract Sum and the Contract Time may be changed only by Change Order. For changes in the Work the Design/Builder shall submit to the Developer an itemized breakdown of the estimated costs for

Developer's review and approval. The breakdown must show (i) all materials by quantity and price, (ii) all labor by unit price, (iii) insurance, (iv) permits, (v) payroll taxes and labor fringe benefits, and (vi) equipment by quantity and rate. All changes in any subcontract shall be broken down and similarly submitted to the Owner for its review utilizing the same categories as set forth above.

12.1.3 The cost or credit to the Owner resulting from a Change Order in the Work shall be determined as provided in the Agreement.

12.1.4 The Owner, acting through its designee, or any other person having written authorization from him to act on his behalf shall have the sole authority to make any amendments, additions, changes or deletions, to act on behalf of the Owner with regard to any and all consents called for under the Contract Documents. Said designee is hereby authorized by Owner to issue written directives to Design/Builder to proceed with designated changes in the Work prior to the issuance of a formal Change Order which shall be issued as soon as practicable. Verbal changes or Change Orders shall not be binding, enforceable or effective. Under no circumstances whatsoever, shall any Work be performed on a time and material basis unless expressly authorized by Developer in writing prior to commencement of such Work. Any extras furnished by Design/Builder except in accordance with the foregoing will also be done so at Design/Builder's sole cost and expense and not reimbursable under the Agreement.

12.1.5 Owner and Design/Builder hereby acknowledge and agree that execution of a Change Order constitutes a mutual accord and satisfaction as to the Work covered thereby. Upon execution of a Change Order, Design/Builder specifically waives and releases any and all claims, rights or interest, including, but not limited to those for impact, disruption, loss of efficiency, "ripple" or other costs or expenses, including without limitation extraordinary or consequential costs, arising directly or indirectly out of the Work described in the Change Order.

12.2 CLAIMS FOR ADDITIONAL COST OR TIME

12.2.1 If the Design/Builder wishes to make a claim for an increase in the Contract Sum or change in the Contract Time, he shall give the Owner written notice thereof within fifteen (15) days after receipt of a proposed Change Order. This notice shall be given by the Design/Builder before proceeding to execute the Work, except in an emergency endangering life or property in which case the Design/Builder shall proceed in accordance with Subparagraph 10.3.1.

No such claim shall be valid unless so made. Any change in the Contract Sum or Contract Time resulting from such claim must be authorized by Change Order. Notwithstanding the foregoing, any change in the Contract Time shall be governed solely by Section VI of the Agreement.

12.2.2 Complete justification and documented substantiation of a Design/Builder's entitlement to additional time, to a change and additional costs allegedly resulting from said change shall be submitted to the Owner no later than thirty (30) days after Design/Builder files its initial notice of claim.

12.2.3 In no event will any adjustment in the Contract Sum be permitted for any increase in costs arising from periods of delay except as otherwise expressly provided in the Contract Documents.

12.2.4 After receipt of a proposal, Owner shall act thereon within thirty (30) days; provided, however, when the necessity to proceed with the change does not allow time properly to review the proposal and in the event of a failure to reach an agreement on said proposal, Owner may order Design/Builder to proceed on the basis of a price to be determined at the earliest practicable date.

12.2.5 A failure to reach an agreement on price or time relative to a Change Order will not relieve Design/Builder of its obligation to diligently continue the prosecution of the Work and that Change Order (if so ordered by the Developer) at all times in accordance with the Progress Schedule.

ARTICLE 13

UNCOVERING AND CORRECTION OF WORK

13.1 UNCOVERING OF WORK

13.1.1 If any Work should be covered contrary to the request of the Owner, it must, if required by the Owner, be uncovered for his observation and replaced, at the Design/Builder's expense, and not reimbursable.

13.1.2 If any other portion of the Work has been covered which the Owner or Developer has not specifically requested to observe prior to being covered, the Owner or Developer may request to see such Work and it shall be uncovered by the Design/Builder. If such Work be found in accordance with the Contract Documents, the cost of uncovering and replacement shall, by appropriate Change Order, be charged to the Owner and the Contract Sum adjusted appropriately. If such Work is found not to be in accordance with the Contract Documents, the Design/Builder shall pay such costs unless it be found that this condition was caused by a separate contractor employed as provided in Article 6, and in that event the Owner shall be responsible for the payment of such costs.

13.2 CORRECTION OF WORK

13.2.1 The Design/Builder shall promptly correct all Work rejected by or on behalf of Owner as defective or as falling to conform to the Contract Documents whether observed before or after Substantial Completion and whether or not fabricated, installed or completed. The Design/Builder shall bear all cost of correcting such rejected Work, including the cost of any architect's additional services thereby made necessary.

13.2.2 If, within two (2) years after the initial occupancy of the Project after final completion of the Work, or within such longer period of time as may be prescribed by law or by the terms of any applicable warranty required by the Contract Documents, any of the Work is found to be

defective or not in accordance with the Contract Documents, the Design/Builder shall correct it promptly after receipt of written notice from the Developer to do so. The Owner shall give such notice promptly after discovery of the condition.

13.2.3 All such defective or non-conforming Work under Subparagraphs 13.2.1 and 13.2.2 shall be removed from the Site if necessary, and the Work shall be corrected to comply with the Contract Documents at Design/Builder's sole cost and expense and without cost to the Owner or the Developer.

13.2.4 The Design/Builder shall bear the cost of making good all work of separate contractors and property of Developer, Owner or any lessee or purchaser destroyed or damaged by such removal or correction.

13.2.5 If the Design/Builder does not remove such defective or non-conforming Work within twenty (20) days after notification of same, the Owner may remove it and may store the materials or equipment at the expense of the Design/Builder. If the Design/Builder does not pay the cost of such removal and storage within ten (10) days thereafter, the Owner may upon the expiration of such period and without further notice sell such Work at auction or at private sale and shall account for the net proceeds thereof after deducting all the costs that should have been borne by the Design/Builder including compensation for additional architectural services. If such proceeds of sale do not cover all costs which the Design/Builder should have borne, the difference shall be charged to the Design/Builder and an appropriate Change Order may be issued. If the payments then or thereafter due the Design/Builder are not sufficient to cover such amount, the Design/Builder shall pay the difference to the Owner.

13.2.6 If the Design/Builder fails to correct such defective or nonconforming Work, the Developer may also correct it in accordance with Paragraph 3.4.

13.2.7 Nothing contained in this Paragraph 13.2 shall be construed to establish a period of limitation with respect to any other obligation which the Design/Builder might have under the Contract Documents, including Paragraph 4.5 hereof. Establishment of the time period of one (1) year as described in Subparagraph 13.2.2 relates only to the specific obligation of the Design/Builder to correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Design/Builder's liability with respect to the Design/Builder's obligations other than specifically to correct the Work.

13.3 ACCEPTANCE OF DEFECTIVE OR NON-CONFORMING WORK

13.3.1 If the Owner prefers to accept defective or non-conforming Work, he may do so instead of requiring its removal and correction, in which case a Change Order will be issued to reflect an appropriate reduction in the Contract Sum as determined by Owner, or, if the amount is determined after Final Payment, or an insufficient amount of the Contract Sum remains unpaid, it shall be paid forthwith by the Design/Builder.

ARTICLE 14

MANUFACTURER'S MATERIALS AND PRODUCTS

14.1 INTENT OF SPECIFICATION

14.1.1 Certain materials and manufactured products have been or will be

specified by brand name because the Owner believes that the products sold under those brand names meet the standard of quality and grade that he wishes to use on this Work. The Design/Builder shall use only the materials and methods specified.

14.2 SUBSTITUTIONS

14.2.1 The intention of the parties is, generally, not to exclude other manufacturers of like products believed by the Design/Builder to be of the same merit as and functionally equivalent to the item specified, but the burden of proof of equivalency is upon the Design/Builder, and the Owner shall be the final judge. If the Design/Builder elects to attempt to prove such equality and to substitute, he must request consent of Owner in writing within ninety (90) days from Notice to Proceed, to substitute for the specified item, stating his reasons for the substitution, the credit, if any, to the Contract Sum, and provide supporting data. Such supporting data shall include the basic specifications of the specified item(s), the specifications, characteristics and other information concerning the proposed substitution demonstrating its equality to the specified item(s), and the effect of the substitution on the Progress Schedule, if any. In the event that a substitution is approved, the Design/Builder shall assume all risks and costs for redesign and adjustment of all Work affected by the substitution, checking of its effect on adjoining Work, and any delays occasioned by its use. All materials, methods or equipment shall be as specified and/or shown unless a substitute or change is consented to in writing by the Owner and therefore under no circumstances shall the Design/Builder, Subcontractor, Sub-subcontractor, or supplier or materialman base his bid or contract on a substitution unless consented to in writing in advance by the Owner.

14.3 INSTALLATION

14.3.1 Design/Builder shall apply, install, connect, erect, use, clean and condition manufactured articles, materials, fixtures and equipment per manufacturer's printed directions, unless specified to contrary.

ARTICLE 15

SUBSURFACE AND SITE INFORMATION

15.1 SITE CONDITIONS AND DESIGN/BUILDER'S RESPONSIBILITY

15.1.1 Owner shall not assume nor shall there be imposed or implied any responsibility whatsoever in respect to the sufficiency or accuracy of borings made, or of the logs of the test borings, or of other investigations, or of the interpretations made thereof, or other information

furnished to or obtained by Design/Builder in connection with the Site, and there is no warranty or guarantee, either expressed or implied, that the conditions indicated by any such investigations, borings, logs or information are representative of those existing throughout such area, or any part thereof, or that unforeseen developments may not occur.

15.1.2 Design/Builder shall promptly notify Owner in writing of any physical, subsurface or latent conditions that it discovers at the site that differ in any material respect from those (i) ordinarily encountered and generally recognized as inherit in Work of like character to the Project or (ii) indicated by the Contract Documents.

15.1.3 Design/Builder shall make available to Owner upon Owner's request the results of any site investigation, test borings, analysis, studies or other

tests conducted by or in the possession of Design/Builder or any of its agents.

END OF GENERAL CONDITIONS

EXHIBIT C

HOURLY RATES SCHEDULE

HKS, Inc.

Principal	$175
Project Manager	$150
Project Design Architect	$125
Project Architect	$125
Structural Engineer	$125
Job Captain	$100
Senior Draftsman	$ 80
Junior Draftsman	$ 65
Senior Specification Writer	$125
Specification Writer	$ 90
Senior Interior Designer	$125
Interior Designer	$100
Junior Interior Designer	$ 75
Senior Graphic Designer	$105
Graphic Designer	$ 80
Technical Typist	$ 60

EXHIBIT D

SCHEDULE REQUIREMENTS

	PROJECT SHELL		PROJECT INTERIORS	
	50%	FINAL	50%	FINAL
Design Development Docs	9/18/01	10/9/01	12/19/01	2/5/02*
Construction Docs	11/6/01	12/21/01	3/5/02	5/1/02

*Drawings to include walls and ceilings for pricing

. Civil/Site drawings - Completed October 1, 2001
. Permit Set Completed 12/10/01

The following are requirements included in the General Contractor's contract and are listed for the Architect's information:

. Substantial Completion to be 380 days following Notice to Proceed to General Contractor
. Computer/Telecommunications Room completion - 45 days prior to Substantial Completion Date
. Commissioning Phase - 21 days prior to Substantial Completion
. Initial FF&E Phase - 14 days prior to Substantial Completion

EXHIBIT 10.99

DESIGN AND BUILD CONSTRUCTION AGREEMENT FOR

THE NISSAN PROPERTY

DESIGN AND BUILD CONSTRUCTION AGREEMENT
(Cost Plus Fee Guaranteed Maximum Cost)

By and Between

WELLS OPERATING PARTNERSHIP, L.P.
and
THOS. S. BYRNE, INC.

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EXHIBIT E	Outline Schedule and Milestone Completion Dates
EXHIBIT F	Design Contract
EXHIBIT G	Subordination Agreement
EXHIBIT H	Schedule of Values & Clarifications
EXHIBIT I	General Conditions of the Contract

DESIGN AND BUILD CONSTRUCTION AGREEMENT

THIS DESIGN AND BUILD CONSTRUCTION AGREEMENT (the "Agreement") is made and entered into as of the 19/th/ day of September, 2001, by and between WELLS OPERATING PARTNERSHIP, L.P. ("Owner"), and THOS. S. BYRNE, INC. ("Design/Builder"), upon the terms and conditions set forth herein.

RECITALS:

WHEREAS, Owner requires the design and construction of a new three (3) story office building consisting of not less than 268,290 square feet of gross building area, together with adjoining parking areas containing no fewer than 1,056 parking spaces, driveways, landscaping and all supporting improvements, facilities and equipment and related site work, and including interior tenant finish as well as building shell, in accordance with the Preliminary Building Plans identified in Exhibit B hereto and the Drawings and Specifications
----
approved by Owner, on a site located at 8900 Freeport Parkway in the City of

Irving, 75063 Dallas County, Texas, and as more particularly described in Exhibit A hereto (the "Project"); and

WHEREAS, Owner desires the service of a design-build general contractor to not only construct but to also design, organize, coordinate, and direct the complete construction of the Project as a design-build construction manager/general contractor, and to assume all risks and responsibilities of producing the Project within the Contract Sum and in accordance with the Scheduled Completion Date and Progress Schedule, as hereinafter defined; and

WHEREAS, Design/Builder represents that it has the skill, experience, expertise and resources necessary to both design and construct the Project and to provide the foregoing services; and

WHEREAS, Design/Builder has agreed to provide architectural, engineering, construction management, general contracting and other services required to design and construct the Project for Owner pursuant to the terms and conditions set forth herein and in accordance with the plans and specifications identified in Exhibit B attached hereto; and

WHEREAS, Owner, without assuming, limiting or altering any of Design/Builder's duties, obligations or responsibilities, has engaged Champion Partners, Ltd. to act as developer ("Developer") on behalf of Owner in connection with the Project; and

WHEREAS, Design/Builder acknowledges the role of Developer as set forth herein and agrees that Design/Builder can and will perform in the manner contemplated by this Agreement;

NOW THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein, Owner and Design/Builder agree as follows:

Section I. Design and Construction Obligation

A. Design/Builder hereby undertakes and assumes exclusive responsibility for the design and construction of the Project as more particularly described in the design development plans and specifications and preliminary building plans identified in Exhibit B hereto (the "Preliminary Building Plans") in accordance with the said Preliminary Building Plans and the Drawings and Specifications (as hereinafter defined) and to accomplish the same on or before the Milestone Completion Dates and Scheduled Completion Date (as hereinafter defined). All costs, expenses and expenditures in connection with the design and construction of the Project, including without limitation amounts owing to HKS, Inc., site architect and/or other architectural, engineering or other design consultants or firms and to contractors, subcontractors, suppliers or otherwise for supervision, transportation, labor, materials, permits, insurance, bonds or other matters in connection with the design and/or construction of the Project shall be the sole responsibility of and paid by Design/Builder.

B. Design/Builder understands and agrees that Owner is leasing the Project to and has certain duties and obligations to Nissan Motor Acceptance Corporation, the intended tenant and occupant of the Project. Design/Builder shall assist and cooperate with Owner in satisfying the requirements of the tenant and shall make such presentations, attend such meetings and incorporate such modifications to the design and changes in the Work as may be required to allow Owner to meet its obligations and to satisfy the requirements of Owner's tenant in accordance with Exhibit B hereto. Design/Builder shall not, however, take instruction or direction from or perform any design services, construction

activity or changes in the Work based on request from any person other than Owner or its Developer. Nor shall Design/Builder be entitled to any additional cost or extension of schedule in the event thereof.

Section II. Pre-Construction Services

Design/Builder shall perform the following services, all or part of which may continue after commencement of physical construction. The cost of such services shall be reimbursable pursuant to Section IX(B) hereof to the extent such costs are included within "Design/Builder's Costs" thereunder; to the extent not within the scope of "Design/Builder's Costs," such shall be paid from Design/Builder's Fee.

A. Consultation During Project Development: Prepare and review conceptual designs; advise on site use and improvements, selection of materials, building systems and equipment; provide recommendations on relative construction feasibility, availability of materials and labor, time requirements, and factors related to cost including alternative designs, materials and value engineering. Project design shall be consistent with Owner's requirements identified in Exhibit B as well as federal, state or local regulations, including but not limited to the Americans with Disabilities Act, the Texas Accessibility Standards and environmental laws including the requirements of the DFW Freeport Business Park, its Architectural Control Committee. The Project as designed must meet all applicable laws, ordinances and codes, the structure and foundation must be adequate to meet the established floor loads, soil conditions and the usual design wind loads, roof loads and other criteria utilized in the locale of the Project, and

the electrical, mechanical and other systems must be adequate to meet all Preliminary Building Plans. The design, including without limitation design aesthetics, floor plans and sizing, and placement of any applicable manufacturing, packaging and storage equipment, facilities and assemblies, and utilities related thereto, shall be in accordance with the Preliminary Building Plans and submitted to Owner for its prior approval.

B. Scheduling: Provide and periodically update a Project schedule consistent with the requirements of and including the Milestone and Scheduled Completion Dates set forth in Exhibit E hereto, including activity sequences and durations, allocation of labor and materials, processing of shop drawings and samples, delivery of products requiring long lead time procurements and lease and occupancy requirements showing portions of the Project having occupancy priority.

C. Coordination of Contract Documents: Prepare alternative design and design documents whenever design details affect construction costs, feasibility or schedules. Verify requirements and assignment of responsibilities for safety precautions and programs, temporary Project facilities and equipment, materials and services for common use of contractors in the proposed Contract Documents.

D. Labor: Provide an analysis of the labor required for the Project and review the availability of such labor. Determine applicable requirements for equal employment opportunity programs for inclusion in the proposed Contract Documents.

E. Bidding: Prepare pre-qualification criteria for bidders and develop subcontractor and supplier interest in the Project. Establish bidding schedules and conduct pre-bid conferences to familiarize bidders with the

bidding documents and management techniques and with any special systems, materials or methods.

F. Contract Awards: Conduct pre-award conferences with successful bidders. Advise Owner on the acceptability of proposed subcontractors and material suppliers.

G. Hearings: Prepare for and testify at any hearings with respect to zoning, applications for building permits, and other Project related matters to the extent requested by Owner.

H. Site Conditions: By executing this Agreement, Design/Builder represents that it has visited the Project site, thoroughly familiarized itself with the local conditions under which Work is to be performed and correlated its observations with the requirements of the Preliminary Building Plans and other Contract Documents.

Section III. Design Services

A. In addition to and not in limitation of any other description of Design/Builder's obligations, Design/Builder shall provide architectural, mechanical, electrical, plumbing, civil and structural engineering and any other services included in this Agreement or the other Contract Documents or required in the performance of Design/Builder's obligations hereunder.

All consultants retained by Design/Builder in connection with the design of the Project must receive the prior written approval of Owner.

B. Design/Builder shall perform services customarily considered as part of the design development and in connection therewith Design/Builder shall review and recommend alternative approaches to design and construction. Design/Builder shall also furnish Owner with updated pricing and construction cost estimates with each design phase and document package submittal.

C. Design/Builder shall perform services customarily considered as part of the construction documents phase and in connection therewith Design/Builder shall:

(i) prepare construction documents consisting of drawings and specifications setting forth in detail the requirements for the construction of the Project for approval by Owner, based on the approved design development documents and any authorized adjustments;

(ii) advise Owner of any governmental approvals or variances required for the construction of the Project, assist Owner in obtaining any variances from applicable zoning or codes required by the design and construction of the Project, and appear before governmental boards and agencies and assist in filing documents required for the approval of governmental authorities having jurisdiction over the Project to the extent requested by Owner; and

(iii) recognize that Owner may require Design/Builder to commence construction prior to completion of the Drawings and Specifications and that Design/Builder may be required to prepare Drawings and Specifications during the construction phase, and it shall be Design/Builder's responsibility as the design-build contractor for the Project to prepare such documents in a manner that does not delay the progress of the Work.

D. Design/Builder shall coordinate services performed by or on behalf of Design/Builder with those of any design professionals and consultants engaged

by Owner in connection with the Project. In addition to Design/Builder's other obligations hereunder, Design/Builder shall provide documents for alternate bids, provide assistance during start up operations of the Project and provide redesign services where necessitated by errors, omissions, ambiguities, inconsistencies in design or by conflicts with other design documents or the Preliminary Building Plans.

E. Design/Builder shall perform its design services as expeditiously as is consistent with professional skill and care and the orderly progress of the Work. Design/Builder's schedule for the performance of its design services (including time required for Owner's review and approval of submissions and for approvals of authorities having jurisdiction over the Project shall comply with the design schedule prepared in connection with the Design Contract and previously approved on behalf of Owner and with the Progress Schedule required by

Section V(D) hereof). The approved design schedule shall not be exceeded except for cause beyond the reasonable control of Design/Builder.

F. Design/Builder hereby grants, conveys and agrees that ownership of the Preliminary Building Plans and the Drawings and Specifications, and copies thereof, shall rest with Owner and that such shall be the property of Owner whether or not the Project is executed. Design/Builder shall be permitted to retain copies of Drawings and Specifications for information and reference. Submission or distribution to meet official regulatory requirements or for other purposes in connection with the Project shall not be construed as publication in derogation of Design/Builder's and Owner's rights. Owner may utilize such Drawings and Specifications with respect to construction, maintenance and repair of the Project, and may utilize such Drawings and Specifications with respect to another project if (a) Owner engages Design/Builder to perform architectural and engineering services with respect thereto at a fee to be negotiated, or (b) Owner engages a licensed architect with respect to said project and agrees to hold Design/Builder harmless and defend and indemnify Design/Builder from any claims arising out of such subsequent use of said Drawings and Specifications. It is specifically understood and agreed that Design/Builder shall not reissue such Drawings and Specifications on any other project. Prior to commencement of construction, Design/Builder shall provide Owner set(s) of reproducible Drawings and Specifications of the Project and shall update same throughout the course of the construction to show design changes. The Contractor recognizes and agrees that the Design Contract was entered into by and between Owner and HKS, Inc., and that under the Design Contract, HKS, Inc. granted ownership of all such documents prepared by or on behalf of it to Owner. The provisions of this Section III(F) are independent of and in addition to the terms and provisions of the Design Contract.

G. Owner and Design/Builder acknowledge that Owner has heretofore retained HKS, Inc. ("HKS") to provide architectural and design services in connection with development of the Project pursuant to an agreement dated September __, 2001, a copy of which is attached hereto as Exhibit F (the "Design Contract"). The Design Contract is hereby assigned to Design/Builder, together with all rights and obligations of Owner or Developer concerning Owner or Developer thereunder. Design/Builder represents and warrants to Owner that it has examined design work produced to date, including without limitation the Preliminary Building Plans identified in Exhibit B, and is satisfied with the work product, its quantity and quality, and assumes full responsibility therefor. Design/Builder further assumes all duties of Owner and/or Developer toward HKS under the Design Contract and will hereafter fulfill all obligations of Owner and/or Developer toward HKS under the Design Contract. Design/Builder hereby agrees to indemnify, defend and hold Owner and Developer harmless from and against any claims which might hereafter be made against Owner and/or Developer by HKS or by any person or entity relating to the Design Contract or work done by HKS thereunder.

H. Design/Builder shall be responsible for all aspects of the design of the Project and for the preparation of all Drawings, Specifications and other design documents, whether prepared by Design/Builder, design professionals in its direct employ, or by separate architects, engineers or other design professionals engaged by or on behalf of Design/Builder, including without limitation the Architect. In this regard, Design/Builder represents and warrants that it has reviewed, examined and compared the Preliminary Building Plans, Drawings, Specifications and

other design documents prepared to date (at whatever stage or phase), and Design/Builder shall be responsible to Owner for all such design matters to the same extent as any other design service or function performed in connection with this Agreement.

I. Owner and Design/Builder understand and agree that Design/Builder, through the assignment of the Design Contract pursuant to Section III(G) above, will engage HKS as Design/Builder's architect ("Architect") in connection with the performance of Design/Builder's design responsibilities under this Agreement. Owner hereby approves Design/Builder engagement of Architect; provided, however, neither such engagement nor such approval shall in any way alter, limit or relieve Design/Builder of its responsibility to Owner for the design of the Project. Owner and Design/Builder acknowledge and agree that each has approved Architect and that each has approved the Preliminary Building Plans attached hereto as Exhibit B, which includes a listing of the current design
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documents and specifications. Design/Builder agrees to the preparation and development of the design and specification of the Project pursuant to the Design Contract, and shall perform in accordance therewith to the same extent as if the terms thereof were set forth herein at length. Design/Builder shall not utilize the services of architects, engineers or other design professionals other than HKS, Inc. in connection without the prior written approval of Owner, which Owner may grant or withhold in its sole discretion.

J. Design/Builder shall timely prepare and deliver to Owner for its approval, but in no event later than the date set forth in the design schedule prepared in connection with the Design Contract and the requirements of the Progress Schedule referred to in Section V(D) hereof, design development documents for the Project, including, but not limited to, site plans, floor plans, elevations, sections, enlarged floor plans, updated specifications and miscellaneous details consistent with and based on the Preliminary Building Plans. Design/Builder shall further prepare and deliver construction documents to Owner for its approval not later than the date set forth in such schedule. Such documents shall include drawings and specifications setting forth in detail all requirements for the construction of the Project consistent with and based on the approved design development documents.

K. Owner may withhold, in its sole discretion, approval of the design development documents or the construction documents if such documents make changes to or do not properly set forth previously agreed-upon design concepts or Preliminary Building Plans. Anything to the contrary contained herein or elsewhere notwithstanding, the development of the design documents to the construction documents and the acquisition by Design/Builder of all approvals thereof necessary for them to be considered the Drawings and Specifications shall be completed not later than the date set forth in the design schedule.

Section IV. Termination Prior to Construction

At any time prior to commencement of construction of the Project in the manner provided in Section VI(A) hereafter, Owner, in addition to its other rights hereunder, at its sole option and without requirement of fault or breach on the part of Design/Builder, may terminate this Agreement by giving written notice of such termination and paying Design/Builder for all services rendered to the date of termination. Such payment shall be Owner's sole and entire

obligation to Design/Builder in the event of such termination. In no event shall Design/Builder be entitled to anticipated or lost profits or other compensation or damages for unperformed work.

Section V. Construction of the Project

A. Design/Builder shall construct, equip and furnish for Owner on the property described in Exhibit A in Irving, Texas, a three (3) story office building consisting of not less than 268,290 square feet and all supporting improvements, facilities and equipment and related site work, and including interior tenant finish as well as building shell, all of which are hereinafter collectively referred to as the "Improvements," described and reasonably inferable from the drawings and specifications prepared by Design/Builder in accordance with the Preliminary Building Plans and approved by Owner pursuant to the design development process set forth herein ("Drawings and Specifications") enumerated in Exhibit B attached hereto and approved by Owner (as such Exhibit may be revised from time to time to reflect the approved Drawings and Specifications), and in connection therewith, Design/Builder shall provide and furnish all materials, supplies, apparatus, appliances, equipment, fixtures, construction equipment, tools, implements, and all other facilities (hereinafter collectively referred to as "Materials"), and all labor, supervision, transportation, utilities, water, storage, and all other services (hereinafter collectively referred to as "Services") as and when required for or in connection with the construction of or for inclusion or incorporation in, the Improvements (hereinafter referred to as the "Work"). It is understood and agreed that the Work shall include all items expressed or implied by the Contract Documents in order to deliver the completed Project free of gaps, omissions or incompleteness thereof. The term "Contract Documents" shall mean this Agreement, all the items enumerated in Exhibit B, and all change orders or addenda issued with respect thereto.

B. From time to time after commencement of the performance of the Work, Owner shall provide Design/Builder with information for its preparation of the drawings and specifications for the Allowances, if any. "Allowances" shall refer to those items set forth in Exhibit D hereto. The amounts listed for Allowances in such Exhibit D are included in the Contract Sum (as hereinafter defined). Should the costs for performing Allowance Work differ from the amount set forth in Exhibit D, such difference may be the subject of a Change Order and the Contract Sum may be adjusted pursuant to Section VIII hereinafter, subject however to the following provisions. Design/Builder, as part of its design responsibilities, has and will participate in the development of the items of Work included as Allowances and in the establishment of the Allowance values set forth in Exhibit D hereto. To the extent that the cost of an item included as an Allowance exceeds its Allowance value due to errors or omissions in Design/Builder's calculations, take offs, quantities, or other information prepared or provided by or on behalf of Design/Builder and utilized or relied upon in establishing the Allowance, such shall not result in any adjustment in the Contract Sum or be reimbursable as a Cost of Work. Such excess costs may, however, be paid from the Construction Contingency pursuant to the terms thereof.

C. Design/Builder covenants that all the Work shall be done in a good and workmanlike manner and that all Materials furnished and used in connection therewith shall be new, free from faults and defects in conformance with the Contract Documents and approved by

Owner. Design/Builder shall cause all Materials and other parts of the Work to be readily available as required in connection with the construction of the Improvements.

D. Design/Builder shall provide competent supervision of all phases of the Work and shall cause the Work to be performed in accordance with the Drawings and Specifications and all things indicated or implied therefrom. Design/Builder shall provide the scheduling and periodic updating thereof in the interest of completing the Improvements in the most expeditious and economical manner (hereinafter called the "Progress Schedules"). The Progress Schedules shall be prepared by Design/Builder prior to commencement of construction and submitted to Owner for approval. The Progress Schedules shall incorporate the requirements of the design schedule prepared in connection with the Design Contract, be consistent with the outline schedule attached hereto as Exhibit E and shall be related to the construction of all the Improvements to the extent required by the Contract Documents. These schedules shall indicate the dates for the starting and completion of the various stages of construction and shall be revised as required by the conditions of the Work, subject to Owner's approval. The parties acknowledge and agree that notwithstanding any theoretical delays or theoretical extensions of time for completion as may be shown on any schedules or printouts, the Scheduled Completion Date and Milestone Completion Dates (hereinafter defined) shall be governed by this Agreement and shall be extended only in accordance with the procedures set forth hereinafter. If required by Owner, Design/Builder shall also prepare and furnish project cash flow projections, manning charts for all key trades, and schedules for the purchase and delivery of all equipment and material, together with periodic updating thereof.

E. Design/Builder shall prepare all shop drawings and other detail drawings not made a part of the Drawings and Specifications which are required in the performance of Design/Builder's obligations hereunder, Design/Builder will also provide and be responsible for all general conditions work such as hoists, safety equipment, portable toilets, etc.

Section VI. Time for Performance

A. Design/Builder shall commence performance of the Work upon execution hereof and shall thereafter diligently continue the performance and prosecution thereof to completion, and agrees to complete the performance of the Work ("Completion") on or before the expiration of three hundred eighty (380) calendar days from the date hereof (the "Scheduled Completion Date"). If Design/Builder is delayed by any act or omission of Owner or by an employee, agent, or representative of Owner (other than by reason of the proper exercise of their respective rights, duties and obligations under the Contract Documents), or by changes ordered in the Work, unforeseeable actions of public utilities and governmental agencies, war, embargoes, causalities, acts of God or the public enemy, national emergency, or unusually severe weather conditions beyond that normally encountered and not reasonably anticipatable, then the Scheduled Completion Date (and Milestone Completion Dates, if applicable) shall be extended for a period equal to the length of such delay if within seven (7) days after the commencement of any such delay Design/Builder delivers to Owner a written notice of such delay stating the nature thereof and within ten (10) days following the expiration of any such delay provides a written request for extension of the Scheduled Completion Date (and Milestone Completion Dates, if applicable) by reason of such delay, and such request is approved by Owner, which approval shall not be

unreasonably withheld. Failure to deliver any such notice or request within the required period shall constitute an irrevocable waiver of any extension of the Scheduled Completion Date and Milestone Completion Dates by reason of the cause in respect of which such notice and request were required. In the case of the continuing cause of delay of a particular nature, Design/Builder need make only

one request with respect thereto. Shortages of labor, shortages or unavailability of standard building materials, a normal number of adverse weather days, and the customary time periods to obtain approvals from and inspections by municipal authorities shall in no event entitle Design/Builder to an extension of time. No delay of the Scheduled Completion Date (or right on the part of Design/Builder to secure any such delay) shall prejudice any right Owner may have under this Agreement or otherwise to terminate this Agreement.

Design/Builder has included in its schedule thirty (30) work days lost due to weather conditions in its schedule. Design/Builder will record on a daily basis whether its job progress has been materially affected by adverse weather conditions. Work day, as that term is used herein, shall mean and refer to any of Design/Builder's normal eight (8) hour days, Monday through Sunday of any given week, exclusive of customarily recognized and agreed national holidays. No application for extension of time will be made unless or until Design/Builder has lost in excess of the above number of days on which he had planned and scheduled work on items that materially affect the schedule. Design/Builder shall not be entitled to any extension of time, change order, adjustment of the Contract Sum or other compensatory or non-compensatory relief for events of delay or force majeure other than those specifically set forth above in this Section VI(A), and then only pursuant to the notice procedures hereinabove and subject to the limitations of the third paragraph of this Section VI(A). Design/Builder acknowledges and agrees that its assumption of the risks and responsibilities for delay is a material inducement to Owner's award of the Agreement to Design/Builder and material consideration in Owner's agreement to the Contract Sum, Scheduled Completion Date, Milestone Completion Dates and other provisions of this Agreement and shall not be modified or subject to interpretation other than as expressly set forth herein for any reason, including without limitation, custom, practice, industry standards or prior conduct or agreements.

Extension of time shall be Design/Builder's sole and exclusive remedy for any event of delay hereunder, unless the same shall have been caused by acts constituting intentional interference by Owner with Design/Builder's performance of the Work and then only to the extent that such acts continue after Design/Builder's written notice to Owner of such interference. Owner's exercise of any of its rights under Section VIII regardless of the extent or number of such changes, or Owner's exercise of any of its remedies of suspension of the Work or requirement of correction or re-execution of any defective Work shall not under any circumstances be construed as interference with Design/Builder's performance of the Work.

B. In the event of the occurrence of a delay for which Design/Builder is not entitled to an extension of time by the terms of this Agreement, Owner may direct that the Work be accelerated by means of overtime, additional crews or additional shifts or resequencing of the Work. All such acceleration shall be at no cost to Owner. Owner may similarly direct acceleration in the event of the occurrence of a delay for which Design/Builder is entitled to an extension of time by the terms of this Agreement, and/or notwithstanding that the Work is progressing without delay in accordance with the Progress Schedules. Design/Builder agrees to

perform same on the basis of reimbursement of direct cost (i.e., premium portion of overtime pay, additional crew, shift or equipment cost and such other items of cost requested in advance by Design/Builder and approved by Owner which approval will not be unreasonably withheld) plus a fee not to exceed five percent (5%) of such cost but expressly waives any other compensation therefor unless otherwise agreed in writing in advance of performing the accelerated work. In the event of any such acceleration, Design/Builder shall provide a plan including his recommendations for the most effective and economical acceleration. Acceleration which is compensible under this Section VI (B) shall be subject to the Change Order procedure set forth in Section VIII herein.

C. As used in this Agreement, Completion shall mean Substantial Completion, which includes all work (exclusive of minor items of unfinished work

which do not preclude beneficial use of the premises) to complete the base building, tenant finish and other work set forth in the Contract Documents and that each of the following shall have occurred: when (i) the Improvements have been completed except for punch list items (i.e., minor or insubstantial details of the construction or mechanical adjustments which do not materially interfere with the tenant's occupancy and use of the Project for the conduct of its business), (ii) a certificate of occupancy or its equivalent shall have been obtained for the Project permitting entry and legal use thereof for the installation of trade fixtures, decorations, equipment and other items to be constructed or installed by tenants, and for tenant's business activities to be conducted therein, and all governmental approvals required for completion have been obtained, and (iii) Architect shall have issued a Certificate of Substantial Completion certifying thereon the date of Substantial Completion. Without limiting the foregoing, Substantial Completion shall not have occurred unless and until the following have been completed, and, where applicable, are operational, except for punch list items: (a) the exterior curtain wall, window glass and other applicable exterior elements of the Project are completed as necessary to be water tight, (b) all utility lines servicing the Project are installed and capable of being used to provide the applicable utilities to the Project, (c) the restrooms, (d) all elevators, (e) the tenant parking spaces, (f) the public entrances and all lobbies, (g) all freight elevators, and (h) the loading docks. Notwithstanding the delivery of a Certificate of Substantial Completion by Architect, Substantial Completion shall not be deemed to have occurred until Design/Builder has provided Owner written notice at least thirty-five (35) days prior to the anticipated date of Substantial Completion. Design/Builder shall be afforded forty-five (45) calendar days from the Scheduled Completion Date within which to complete the minor items of unfinished work (the punch list work) referred to above.

D. In addition to Completion as defined and specified herein and Design/Builder's obligation to meet the Scheduled Completion Date, Design/Builder agrees to and shall complete construction of the following items included within the Work on or before the time set forth herein.

Computer/Telecommunication Room Completion	45 days prior to the Scheduled Completion Date
Commissioning Phase	21 days prior to the Scheduled Completion Date
Initial FF&E Phase	14 days prior to the Scheduled Completion Date

Commissioning Phase: All mechanical, electrical and HVAC systems, energy conservation equipment, controls, lighting systems, security systems back-up generation and UPS, fire management systems, elevators are complete so that the aforementioned systems can be tested for verification of compliance with the approved Drawings and Specifications.

Computer/Telecommunication Room Completion: All construction, including but not limited to, electrical, HVAC, raised flooring, UPS, finishes, and secured doors, related to commencing and completing the installation and testing of all computer equipment in the main computer/telecom room of the Project (as shown on the approved Drawings and Specifications Building Plans) shall be complete.

Initial FF&E Phase: All construction necessary and related to commencing the initial phase of furniture installation shall be complete, including all areas in which furniture is to be installed and shall include all related construction, including but not limited to, flooring, painting, above ceiling work and any adjacent construction that may otherwise impede the progress of, or damage, the installed furniture systems. On or about ninety (90) days after the commencement of construction, Owner shall notify Design/Builder as to what portion of the premises shall be included in this Initial FF&E Phase. Owner shall also provide Design/Builder with a written schedule of its complete FF&E

phasing plan for the entire Project once it has been determined by Owner.

The above items shall be referred to as the "Milestone Completion Dates." Design/Builder shall notify Owner in writing upon the completion of an item of Work that is subject to a Milestone Completion Date, and in such notice shall set forth the date completion occurred (which shall not be more than three (3) days prior to said notice).

E. Design/Builder acknowledges that the Scheduled Completion Date and the Milestone Completion Dates are essential to Owner's business operations, leasing, marketing, financing and development plans and therefore time is of the essence in meeting said dates. Design/Builder recognizes and agrees that it shall be liable to Owner for damages, loss, cost or expense which Owner may suffer by reason of Design/Builder's delay in meeting such dates. Design/Builder further recognizes that its schedule and the Outline Schedule set forth as Exhibit E hereto may be subject to reasonable adjustment or modification based on the designations set forth in Owner's Initial FF&E Phase and in the complete FF&E phasing plan, and Design/Builder agrees that such shall not result in any extension to any Milestone Completion

Date or to the Scheduled Completion date, nor shall it constitute interference by Owner or be otherwise compensible to Design/Builder.

Section VII. Permits and Licenses

Design/Builder shall obtain all necessary licenses, building and other permits, and similar authorizations from governmental authorities required to perform its obligations hereunder, and shall give all notices required by, and otherwise comply with, all applicable laws, ordinances, rules, regulations and restrictions. Design/Builder shall notify Owner of all conflicts between the Drawings and Specifications and any laws, ordinances, rules, regulations and restrictions. If Design/Builder performs any of the Work knowing, or when with the exercise of due care it should have known, the same to be contrary to any such laws, ordinances, rules, regulations or restrictions and fails to give Owner written notice thereof prior to performance thereof, Design/Builder shall bear all costs arising therefrom, which costs shall not be considered a part of the Contract Sum.

Section VIII. Changes

A. Owner, or if authorized by Owner, its Developer, may authorize changes in the Work, issue additional instructions, require additional Work or direct the omission of Work previously ordered; provided, however, Design/Builder shall not under any circumstances proceed with any change involving any increase or decrease in cost without prior written authorization from Owner in accordance with the following procedure.

Owner, or if authorized by Owner, its Developer, shall order changes in the Work by giving Design/Builder a written change order request ("Change Order Request"), setting forth in detail the nature of the requested change. Design/Builder shall then furnish Owner a statement setting forth in detail, with a suitable breakdown by trades and work classifications, Design/Builder's estimate of the changes, if any, in the Estimated Design/Build Cost attributable to the changes set forth in such Change Order Request, a proposed adjustment, if any, to the Scheduled and/or Milestone Completion Dates resulting from such Change Order Request and any proposed adjustments of time and costs related to unchanged Work resulting from such Change Order Request. If Owner gives written approval of such estimate, such Change Order Request and estimate shall constitute a Change Order, and the Contract Sum and Scheduled Completion and/or Interim Dates shall be adjusted as set forth therein. Change Orders shall not cause any modification to Design/Builder's Fee except as follows: if upon completion of the Work the net of all additive and deductive Change Orders has

resulted in an increase in the Guaranteed Maximum Cost, then Design/Builder shall be entitled to a fee in the amount of five percent (5%) of the cost of such change Order Work ("Change Order Work"); if the net of all additive and deductive Change Orders has resulted in a decrease in the Guaranteed Maximum Cost, then Design/Builder's Fee shall be reduced by three percent (3%) of the cost of such Change Order Work. It is further understood and agreed that Subcontractors' and Sub-subcontractors' mark-up on Change Order Work shall not exceed fifteen percent (15%), and such limitation shall be included in each subcontract, with any amounts therefor in excess hereof being for the account of Design/Builder and not Owner and not reimbursable as a Cost of the Work. Design/Builder's Fee and adjustments set forth above, and the Subcontractor's mark-ups,

includes the fee, overhead and profit. Changes in the Work and Change Orders shall include charges for design services only if and to the extent such are for Additional Services as provided in the Design Contract. Additional Services, if any, shall be charged without Design/Builder's Fee or Subcontractor's mark-ups set forth above. Agreement on any Change Order shall constitute a final settlement on all items covered therein. If the parties cannot agree on the cost of Change Order Work, Design/Builder will proceed with the Work and the cost will be determined in accordance with Section IX(B) hereof.

B. It is understood and agreed that refinement and detailing will be accomplished from time to time with respect to the Drawings and Specifications to be set forth in the modified Exhibit B. No adjustment in the Estimated
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Design/Builder's Cost, Cost of the Work, Guaranteed Maximum Cost or in the Scheduled and/or Milestone Completion Dates shall be made unless such refinement or detailing results in changes in the scope, quality, function and/or intent of the Drawings and Specifications not reasonably inferable or anticipatable by a design-build construction manager/general contractor of Design/Builder's experience and expertise.

C. Change Order requests shall not be considered by Owner unless prior written notice of the proposed Change Order is submitted to the Developer, together with documentation detailing the proposed increase or decrease in the Contract Sum caused by the proposed Change Order before commencement of the Work contemplated therein. No act, conduct or practice of Owner, Developer or any other person or party shall constitute or result in a waiver of this requirement, it being expressly understood and agreed that such requirement may only be waived in writing. Design/Builder shall price Change Orders which involve material scope changes to the Project on the basis of competitive pricing for such Work.

Section IX. Payments

A. In full consideration of the full and complete performance of the Work and all other obligations of Design/Builder hereunder, Owner shall pay to Design/Builder a sum of money equal to the "Contract Sum" which is defined to be the total of (i) the Cost of the Work, as hereinafter defined, (ii) the Architect's Fee and Reimbursables, (iii) Design/Builder's Fee listed below, subject to adjustment as provided in the Contract Documents, and (iv) the Construction Contingency, which Contract Sum shall not exceed Twenty Five Million, Three Hundred Twenty Six Thousand, Seventeen and 00/100 Dollars ($25,326,017.00) (hereinafter referred to as the "Guaranteed Maximum Cost") subject to adjustments as provided in the Contract Documents, which Guaranteed Maximum Cost consists of the following:

Estimated Design/Builder's Cost (including Allowances)	$22,583,252.00
Architect's Fees and Reimbursables	1,520,657.00
Design/Builder's Fee	722,108.00

Construction Contingency	500,000.00
Guaranteed Maximum Cost	$25,326.017.00

The Architect's Fee and Reimbursables includes the unpaid balance of the Design Contract. Such amount includes all fees, reimbursable expenses and other amounts payable for design, architectural or engineering services under the Design Contract or otherwise in connection with Design/Builder's design obligation hereunder, and Design/Builder assumes responsibility for all amounts now or hereafter owing to Architect.

The "Design/Builder's Fee" as listed above is defined to be the amount equal to the fixed sum of Seven Hundred Twenty-Two Thousand One Hundred Eight and 00/100 Dollars ($722,108.00) (subject to adjustment for the cost of Change Order Work as provided in Section VIII hereof) subject to the adjusted Guaranteed Maximum Cost. In the event that the Cost of the Work is less than the adjusted Estimated Design/Builder's Cost, then Design/Builder's Fee shall remain Seven Hundred Twenty-Two Thousand One Hundred Eight and 00/100 Dollars ($722,108.00) subject to adjustment pursuant to Section VIII hereof. In the event that the Cost of the Work is greater than the adjusted Estimated Design/Builder's Cost and less than the adjusted Guaranteed Maximum Cost, then Design/Builder's Fee shall be equal to the Cost of the Work subtracted from the adjusted Guaranteed Maximum Cost (minus the Architect's Fee and Reimbursables and minus the Construction Contingency), subject to further adjustment pursuant to the provisions of Section VIII hereof. In the event that the Cost of the Work shall exceed the Guaranteed Maximum Cost, adjusted as provided herein, Design/Builder shall pay such excess from its own funds and Owner shall not be required to pay any part of such excess, and Design/Builder shall have no claim against Owner on account thereof.

The "Construction Contingency" set forth in this Section IX is included within the Guaranteed Maximum Cost and is the maximum sum available to cover the costs (including impact costs) resulting from unforeseen conditions and events not evidenced at the time of execution of this Agreement, such as (1) refinement of details of design within the scope and standards of quality and quantities on which the estimate was based, (2) abnormal field conditions, (3) impact costs on materials and labor due to Change Orders, (4) time extensions, (5) delays due to unusually severe weather conditions not reasonably anticipatable, or (6) other causes of lost time which result in added costs or claims which are not otherwise recoverable hereof.

The use of the Construction Contingency shall be mutually agreed upon between Owner and Design/Builder; provided, however, that Design/Builder shall, as a part of the monthly progress report, provide Owner with a statement on the use of the Construction Contingency setting out charges made, if any, against the Construction Contingency, and further noting the balance remaining in the Construction Contingency. No sums may be charged to the Construction Contingency except upon the mutual agreement of Owner and Design/Builder and then only to the extent that the same have been paid or are to be paid by Design/Builder. All charges to the Construction Contingency will be pursuant to appropriate Change Order decreasing the amount of the Construction Contingency and increasing the Estimated Design/Builder's cost with no adjustment of the Guaranteed Maximum Cost. Any Construction Contingency remaining at the time of Final Payment shall innure to the benefit of Owner.

In the event that the Cost of the Work shall be less than the Estimated Design/Builder's Cost, adjusted as provided herein, the difference between such Cost of the Work and such

Estimated Design/Builder's Cost shall constitute "Savings" (hereinafter so

called). Twenty-five percent (25%) of such Savings shall be paid to Design/Builder as an additional fee ("Additional Fee"); the balance of all such Savings shall accrue to Owner. In no event shall sums included under the Construction Contingency, as Allowances or resulting from deductive Change Orders or other reductions in the scope of the Project be used in the determination of Savings; provided, however, that the foregoing shall not result in an exclusion from Savings of reductions in costs achieved through the use of substitutions or alternatives approved by Owner and first proposed by Design/Builder after the execution hereof. Approval of any such substitutions or alternatives shall be at Owner's sole discretion.

It is agreed that Design/Builder's Fee and any possible earnings under the Additional Fee paragraph above are Design/Builder's full and complete fee compensation for performing both the design and construction of the Work as listed herein.

B. The term "Cost of the Work" shall mean a sum of money equal to the total of all of Design/Builder's Costs, as hereinafter defined. The term "Estimated Design/Builder's Cost" shall mean that sum of money set forth in Section IX(A) opposite the term "Estimated Design/Builder's Cost," subject to adjustment as provided in the Contract Documents, which sum is Design/Builder's estimate of all Design/Builder's Costs that are to be incurred and paid by Design/Builder in the performance of the Work. The term "Design/Builder's Costs" shall mean those costs necessarily incurred and paid by Design/Builder in connection with the proper performance of all the Work. Such Design/Builder's Costs shall be at rates not higher than the standard paid in the locality of the Work, except with prior written consent of Owner, and shall include and be limited to the following items:

(1) Wages paid for labor, including without limitation that of design personnel in the direct employ of Design/Builder in the performance of the design or construction of the Work under applicable collective bargaining agreements, or under a salary or wage schedule agreed upon by Owner and Design/Builder, and including welfare or other fringe benefits, if any, as may be payable with respect thereto, and usual vacation pay and incentive bonuses made by Design/Builder to its key employees engaged at the construction site.

(2) Salaries and fringe benefits of Design/Builder's design professional, supervisory or administrative personnel when assigned to and working on the Project and/or stationed at the field office, in whatever capacity employed when necessary for the performance of the Work; such personnel being subject to the approval in advance by the Developer. Personnel engaged, at shops or on the road, in expediting the inspection, production or transportation of material (including equipment) for the Work. The number of employees in these classifications, and the rates of pay, shall be subject to the prior approval of Owner.

(3) Cost of contributions, assessments or taxes for such items as Unemployment Compensation and Social Security, insofar as such cost is based on the wages, salaries, or other remuneration paid to employees of Design/Builder referred to in Section IX(B) (1) and (2) hereof.

(4) Reasonable relocation, transportation, traveling and lodging expenses (as approved by Owner) of representatives of Design/Builder incurred in the discharge of duties related to the Work.

(5) The cost (including transportation, storage, operating and repair costs except of a capital nature) of all materials, equipment, temporary structures, small tools not owned by workmen and supplies purchased or rented for use in the performance of the Work. Such costs shall include a fair rental not to exceed eighty percent (80%) (unless otherwise approved by Owner) of the published rates based on "Compilation of Nationally Averaged Rental Rates", most recent edition, of the Associated Equipment Distributors, approved by Owner in advance, for all tools and equipment

furnished by Design/Builder from its own stock; provided that the rental paid for such equipment shall not exceed the market value of such equipment at the time first utilized in connection with the Work. Owner reserves the right to dispose of all such materials, equipment, temporary structures, tools and supplies which shall have been purchased, when no longer required for the Work, and Design/Builder's Costs shall be credited for the proceeds therefrom or the reasonable value of any items with respect to which Owner takes title.

(6) Amounts due under all subcontracts made in accordance with the provisions of the Contract Documents, including, without limitation contracts or subcontracts with architects, engineers or other design professionals for the design of the Work.

(7) The cost of telephone, telegrams, postage, photographs, blueprints, office supplies, first aid supplies and related miscellaneous costs incurred in connection with the Work.

(8) Premiums on bonds and insurance, if any, that Design/Builder is obligated to secure and maintain under the terms of the Contract Documents and such other insurance and bonds as may be required, subject to the prior approval of Owner.

(9) Damages for patent infringements and costs of defending suits on account of same to the extent that such damages or costs shall have arisen out of the specification by Owner of a particular process or product of a particular manufacturer and the infringement was unknown to Design/Builder despite the exercise of due care. Design/Builder hereby agrees to hold harmless Owner against any and all other claims on account of patent infringement arising out of Work.

(10) Fees for all municipal and other permits, prorated AGC Fees to the extent attributable to labor costs of Design/Builder is connection with the performance of the Work, licenses and patents, surveys and royalties, if any.

(11) The cost of obtaining and using all utility services required for the Work.

(12) The cost of crossing or protecting any public utility, if required, and as directed by Owner.

(13) The cost of removal of all debris. (All subcontracts shall require subcontractors to remove all debris created by their activities and Design/Builder shall exercise its best efforts to enforce such requirements or to effect an appropriate back charge to those subcontractors who fail to meet their requirements in this regard.) Provided, however, Design/Builder shall not be required to remove debris created by Owner's separate contractors except pursuant to Change Order procedure set forth hereinabove.

(14) The cost and expenses (actually sustained by Owner in connection with the Work) of protecting and repairing adjoining property, if required (Owner's prior approval for repairs will be obtained except in emergencies), and of settlements for same made with the written consent of Owner, except to the extent that any such cost is reimbursable by insurance or otherwise, or is the responsibility of Design/Builder, or is due to the failure of Design/Builder to comply with the requirements of the Contract Documents with respect to insurance or to the failure of any officer of Design/Builder or of any of its representatives having supervision or direction of the Work to exercise good faith or at least the standard of care normally exercised in the conduct of the business of a design/build general contractor in the general vicinity of the project in any of which events such expenses shall not be included in Design/Builder's Costs.

(15) Federal, state, municipal, sales, use and other taxes, all with respect to Services performed or materials or equipment furnished for the Work and for which Design/Builder is liable. It is understood that none of the foregoing includes federal state or local income or franchise taxes.

(16) Costs incurred due to an emergency affecting the safety of persons and property, unless caused by the act or neglect of Design/Builder, any subcontractor, supplier or laborer, or their employees or agents.

(17) All reasonable costs and expenditures necessary for the operation of the field office, such as stationery, supplies, blueprinting, furniture, fixtures, office equipment, etc.

(18) Losses and expenses including insurance deductibles, not compensated by insurance or otherwise, sustained by Design/Builder in connection with the Work provided they have resulted from causes other than the actual fault, neglect or responsibility of Design/Builder. Such losses shall include settlements made with the written consent and approval of Owner. No such losses and expenses shall be included in the Cost of the Work for the purpose of determining Design/Builder's Fee. If, however, such loss requires reconstruction and Design/Builder is placed in charge thereof, he shall be paid for its services a fee proportionate to that stated in Section IX(A).

(19) Any other expenses or charges incurred, with the prior written approval of Owner, in the prosecution of the Work.

C. Design/Builder agrees to furnish and perform without other charge than as a part of Design/Builder's Fee, the following services and costs:

(1) Furnishing information as to the cost and availability of materials and methods of construction which may be of value to Design/Builder or Owner in determining the final architectural, structural, mechanical and electrical design of the Work.

(2) The services and related expenses, except as otherwise provided in Section IX(B) hereof, of any officers or general office supervisory personnel of Design/Builder and of personnel in Design/Builder's personnel, legal, labor relations, insurance and tax departments and all other costs of doing business, services and related expenses required to maintain and operate Design/Builder's general offices and any established branch offices, other than the field office for the Work.

(3) The services of Design/Builder's purchasing, estimating and accounting departments and clerical staff at Design/Builder's general or established branch office.

(4) Salary of any person employed during the execution of the Work at the main office of Design/Builder, except as otherwise provided in Section IX(B) hereof or in any regularly established branch office of Design/Builder, unless such salary is included above in this definition or is specifically authorized in writing in advance by Owner to be included within the Cost of the Work.

(5) Any part of Design/Builder's capital expenses, including interest on Design/Builder's capital employed for the Work.

(6) Overhead or general expenses of any kind, except as may be expressly included above in the description and enumeration of the specifications included in the term Cost of the Work.

(7) Amounts required to be paid by Design/Builder for federal, state or local income or franchise taxes.

(8) Except as otherwise provided in Section IX(B) hereinabove, costs due to the negligence of Design/Builder, any subcontractor or supplier employed by Design/Builder or anyone directly or indirectly employed by any of them, or for whose acts any of them may be liable, including but not limited to the correction of erroneous, omitted or defective design or construction of the Work, disposal of materials and equipment wrongfully supplied, or making good any damage to property.

(9) Interest charges on any equipment, materials, or other costs of Work.

(10) Any off-site storage areas for Design/Builder's materials, equipment, and tools together with all checking and store keeping.

(11) The costs of any item not specifically and expressly included in the items described above in Section IX(B).

(12) Costs in excess of the Estimated Design/Builder's Cost.

D. On or before the twenty-fifth (25th) day of each month during the performance of the Work, Design/Builder shall submit to Owner for its approval a request for payment ("Request for Payment") in form and substance satisfactory to Owner (simultaneously therewith sending copies to such other parties as Owner may direct). Each Request for Payment shall be for a sum equal to (i) all of Design/Builder's Cost incurred during the preceding month and (ii) ninety percent (90%) of the pro rata portion of Design/Builder's Fee attributable to Design/Builder's Cost set forth in such Request for Payment; provided, however, that prior to the date of the Final Request for Payment, as hereinafter defined, the aggregate of Design/Builder's Fee payments shall not exceed ninety percent (90%) of Design/Builder's Fee amount as stated in Section IX(A) herein. Design/Builder's Costs shall be segregated and detailed in a manner satisfactory to Owner. Requests for Payment shall include the value of materials or equipment not incorporated in the Work but delivered and suitably stored at the site or at some location agreed upon. Title to all such equipment and materials shall pass to Owner upon payment therefor or incorporation in the Work, whichever shall first occur, and Design/Builder shall prepare and execute all documents necessary to effect such transfer of title.

In each Request for Payment, Design/Builder shall certify that such Request for Payment represents the amount due to Design/Builder under the terms of Section IX(B) and shall also certify as follows:

"There are no known mechanics' or materialmen's liens outstanding at the date of this requisition, all due and payable bills with respect to the Work have been paid to date or are included in the amount requested in the current application, and except for such bills not paid but so included, there is no known basis for the filing of any mechanics' or materialmen's liens on the Work, and releases from all subcontractors and materialmen have been obtained in such form as to constitute an effective release of lien under the applicable laws of the State of Texas."

Design/Builder shall furnish with each Request for Payment certification by the Architect that all amounts so requested by Design/Builder are properly due and owing and that the Work corresponding to the amounts requested in each Request for Payment has been properly performed and completed in accordance with this Agreement, the Drawings and Specifications, the Preliminary Building Plans and the other Contract Documents. Architect shall make such certifications as if Architect was engaged separately by Owner to provide architectural and contract administration services.

Design/Builder shall furnish with each Request for Payment a waiver and release of lien for itself and, beginning with the second Request for Payment, for each of its subcontractors and suppliers having a contract or purchase order of $10,000.00 or more, together with any other

such forms required by Owner or Owner's title insurer or lender in order to assure an effective release of mechanics' or materialmen's liens in compliance with the applicable laws of the situs of the Project.

Design/Builder shall submit with each Request for Payment a monthly progress report which shall set forth in detail the status of the Project as of the date of such Request for Payment. The format of the progress report shall be determined by Owner prior to submission of the initial Request for Payment, however, the progress reports shall at a minimum describe those aspects of the Work which have been commenced and the status thereof, enumerate the trades and subcontractors then involved in the Work and the amount of personnel employed on the Project by them, set forth the schedule for major portions of the Work for the coming month, and include Design/Builder's appraisal of the progress and cost of the Work together with recommendations as to any action which is required by Owner. Each monthly progress report shall be accompanied by an update of the CPM schedule (diagram only), the form of which shall be mutually agreed to by Owner and Design/Builder at the time the format for the progress report is determined. Additionally, Design/Builder shall provide Owner with monthly progress photos of the Work. Design/Builder shall also furnish with each Request for Payment complete cost detail and supporting documentation substantiating the amounts set forth in the Request for Payment, including copies of subcontractors' pay requests, invoices, labor sheets and other information substantiating Design/Builder's right to payment, summarized and verified by Design/Builder's accounting department. Owner may make such adjustments to Design/Builder's previous, current or subsequent Requests for Payment as warranted by Owner's review of the supporting documentation submitted by Design/Builder.

Design/Builder shall not submit any Request for Payment which is incomplete, inaccurate or lacks the detail, specificity or supporting documentation required by this Section IX(B). Any Request for Payment that is deficient in any such manner shall not constitute a valid Request for Payment, and Design/Builder shall be required to resubmit said Request for Payment in proper form prior to Owner incurring any obligation to make payment on account thereof. Design/Builder specifically agrees that it shall not include in any Request for Payment sums attributable to Work which Owner or Design/Builder have rejected or which otherwise constitute or relate to applications for payments, billings or invoices of subcontractors or suppliers which Design/Builder disputes or for any other reason does not intend to pay.

Owner shall review each such Request for Payment and make such exceptions as Owner reasonably deems necessary or appropriate under the current circumstances. In no event shall Owner be required to make payment for items disallowed by its lender(s).

On or about thirty (30) days following receipt of a Request for Payment (unless such date falls on a weekend or holiday, then on the next business day) and provided Design/Builder has submitted its Request for Payment and supporting documentation in the manner and detail required by this Agreement, Owner shall make payment to Design/Builder in the amount approved subject to Section IX(F) hereof. The payment of any Request for Payment by Owner, including the final Request for Payment, does not constitute approval or acceptance of any item of cost in such Request for Payment.

Design/Builder agrees that ten percent (10%) of the amount due under each subcontract shall be retained by Owner until final payment ("Final Payment"), except that upon mutual agreement by Owner and Design/Builder, and with Owner's lender's prior approval, payment in full may be made to those subcontractors whose work is fully completed during the early stages of the Project or reduced with respect to other contractors at such times as the parties may mutually agree. Agreement to any such reduction shall not constitute a waiver of or prejudice Owner's right to subsequently reinstitute full retainage should

circumstances justify such action in Owner's sole judgment.

Retainage under subcontracts shall be included in Design/Builder's Request for Payment for the purpose of indicating the value of the Work performed, however, Design/Builder shall not request payment thereof from Owner until such retainage is actually payable hereunder.

Thirty (30) days after final completion of the Work and acceptance thereof by Owner or as soon thereafter as possible, Design/Builder shall submit a final request for payment ("Final Request for Payment") setting forth all amounts due and remaining unpaid to Design/Builder. The Additional Fee, if any, shall be due and payable only after Design/Builder's Costs are finally established and agreed to by Design/Builder and Owner. The Final Request for Payment shall not be made until Design/Builder delivers to Owner a complete release of all liens arising out of this Agreement and an affidavit that so far as Design/Builder has knowledge or information the release includes all Materials and Services for which a lien could be filed. Design/Builder may, if any subcontractor or supplier refuses to furnish a release in full, furnish a bond satisfactory to Owner, Owner's title insurer and lender to indemnify Owner and such other parties against any lien. Upon approval by Owner, Owner shall pay the amount due under such Final Request for Payment. Anything to the contrary notwithstanding, Final Payment shall not be made prior to thirty (30) days following final completion of the Work.

E. In no event shall any interest be due and payable by Owner to Design/Builder, any subcontractor or any other party on any of the sums retained by Owner pursuant to the Contract Documents.

F. Any provision to the contrary notwithstanding, Owner shall not be obligated to make payment hereunder if one or more of the following conditions exists:

(1) Design/Builder is in default of any of its obligations hereunder or otherwise is in default under any Contract Documents;

(2) Any part of such payment is attributable to Work that is defective or not performed in accordance with the Drawings and Specifications; provided, however, payment shall be made for Work performed in accordance with the Drawings and Specifications and not defective;

(3) Design/Builder has failed to make payments promptly to subcontractors or for material or labor used in the Work for which Owner has made payment to Design/Builder;

(4) Owner in good faith determines that the portion of the Guaranteed Maximum Cost then remaining unpaid will not be sufficient to complete the Work in accordance with the Drawings and Specifications and the Preliminary Building Plans, whereupon no additional payments will be due unless and until Design/Builder, at its sole cost, performs a sufficient portion of the Work so that the portion of the Guaranteed Maximum Cost remaining unpaid is determined by Owner to be sufficient to complete the Work, or

(5) Owner in good faith determines that Design/Builder has not or will not with prompt acceleration meet the Scheduled Completion Date.

No partial payment or release of retainage shall constitute final acceptance or approval of the Work to which such partial payment relates or relieves Design/Builder of any obligations hereunder.

G. Except for Design/Builder's Fee and the Additional Fee, if any, Design/Builder shall use the sums advanced to it pursuant to this Section IX solely for the purpose of performance of the Work and the design of the Project and the construction of the Improvements in accordance with the Drawings and Specifications. No provision hereof shall be construed to require Owner to see to the proper disposition or application of the monies paid Design/Builder.

H. On or before the date of submittal of the initial Request for Payment, Design/Builder shall furnish to Owner and Owner's lender an affidavit, subordination and lien waiver agreement executed by Design/Builder. The agreements shall be in form and substance satisfactory to Owner and Owner's lender. Each party executing such agreement shall agree to subordinate its liens for Work to be performed or Materials to be furnished to the liens and security interests securing payment of any loan made by Owner's lender, and shall furnish a release of all liens for Work performed and Materials furnished to the date of such agreement. Each such party shall certify that all amounts owing to such party through the date of such agreement have been paid in full, or if not paid in full, shall set forth all such unpaid amounts.

I. Design/Builder shall within ten (10) days following receipt of payment from Owner pay all bills for labor and material performed and furnished by others in connection with the design and/or construction of the Improvements and the performance of the Work, and upon request by Owner shall provide Owner with evidence of such payment. Design/Builder's failure to make payments within such time shall constitute a material breach of this Agreement.

J. Upon completion of the Work or the appropriate parts thereof, and subject to Owner's prior approval thereof and right to take title thereto pursuant to Section IX(B)(5) hereof, Design/Builder shall sell to a third party or transfer to itself at the then fair market value thereof, all hoists, scaffolding, forms, hand tools and other items purchased for use in the Work with funds furnished as a part of Design/Builder's Costs. The amounts received from such sale (or the fair market value thereof in the case of transfer to Design/Builder) shall be credited against the amounts due from Owner hereunder.

Section X. Discounts Rebates and Refunds

Design/Builder shall take affirmative steps to ensure that is takes full advantage of any and all available discounts, rebates, refunds and returns. All cash discounts shall accrue to the Cost of the Work, and Design/Builder shall notify Owner of the availability of such cash discounts in order that Owner may make available funds therefor. If Design/Builder shall fail to so notify Owner, such cash discount shall accrue to the Cost of the Work. All trade discounts, rebates and refunds, and all returns from sale of surplus materials and equipment shall accrue to the Cost of the Work and Design/Builder shall endeavor to make provisions for the securing thereof. Any discounts accruing to the Cost of the Work pursuant to this paragraph shall not result in adjustment of the Guaranteed Maximum Cost.

Section XI. Compensation Retained by Owner

Design/Builder acknowledges that the Scheduled Completion Date and Milestone Completion Dates are essential to Owner's leasing, marketing, financing and development plans and therefore TIME IS OF THE ESSENCE in meeting said dates. Design/Builder agrees that from the Contract Sum to be paid to Design/Builder in accordance with the Contract Documents, Owner may retain as "Delay Damages" twelve thousand five hundred and 00/100 Dollars ($12,500.00) per day for each of the first forty (40) calendar days (including Saturdays, Sundays and holidays) the Work remains uncompleted, which elapse between the time the Work (or the relevant portion thereof) should have achieved Milestone or Substantial Completion under the terms of the Contract Documents and the date the Work (or the relevant portion thereof) actually achieves Milestone or Substantial Completion, as applicable. Design/Builder further agrees that the Delay Damages shall be at the rate of twenty-five thousand and 00/100 Dollars ($25,000.00) per day for each such day after the first forty (40) days that such Work remains uncompleted. The foregoing amounts of Delay Damages shall compensate Owner solely for the Project's unavailability and Owner's resulting inability to use the Project for its intended purposes, and do not include (i) any damages, additional costs or extended costs incurred by Owner for extended

administration of this Agreement or by Owner's agents, consultants, or independent contractors for extended administration, (ii) any increase in financing costs resulting from the delay, (iii) actual costs incurred by Owner's tenant and assessed or charged to Owner (including but not limited to costs of storing tenant's furniture, fixtures, equipment or materials and cost of overtime to complete the installation thereof), or (iv) any additional services relating to, or arising as a result of the delay. Owner shall be entitled to claim against Design/Builder for its actual damages, including those as set forth herein, which costs shall be computed separately. Together with the per diem Delay Damages, an amount equal to Owner's actual damages shall be either deducted from the Contract Sum and/or billed to Design/Builder. The parties acknowledge and agree that the cost and expense to Owner for its inability to use the Project are difficult if not impossible to determine, and the foregoing per diem amounts represent amounts which Design/Builder acknowledges and agrees Owner shall be entitled to recover and withhold without further demonstrating or evidencing the nature, source, cause or value of Owner's damages. The sums set forth above are not to be construed in any way as a penalty, nor shall they constitute liquidated damages or limit Owner from the recovery of the other actual damages provided for herein and excluded from the damages for delayed availability and use of the Project by Owner.

Section XII. Subcontracts and Purchase Orders

A. Design/Builder shall invite bids from, and enter into contracts and material orders with only subcontractors and suppliers who have first been approved by Owner. After receiving such bids, Design/Builder shall analyze them and make recommendations for awards, accompanying its recommendation with all pertinent data required for decision upon the award, and certifying that, to the best of its knowledge, the bid of the recommended subcontractor or supplier is bona fide, fair and reasonable. All subcontracts shall, so far as practicable, contain unit prices and any other feasible formula for use in the determination of the cost of changes in the Work. Design/Builder agrees to hold all subcontractors, including all persons directly or indirectly employed by them, responsible for any damages due to breach of contract or any negligent act and to diligently endeavor to effect recoveries of such damages.

B. Design/Builder shall contract solely in its own name and behalf and not in the name or behalf of Owner, with the specified subcontractor or supplier. Design/Builder's subcontract and purchase order forms shall be subject to approval of Owner and shall provide that subcontractor shall perform its portion of the Work in accordance with all applicable provisions of this Agreement and the other Contract Documents. Design/Builder shall submit its subcontract and purchase order forms to Owner for approval prior to use in connection with the project, and shall promptly deliver to Owner a copy of all executed subcontracts and purchase orders entered into in connection with the Project.

C. If the net effect of Owner's designation as the selected subcontractors and suppliers (taking into account both subcontractors and suppliers whose bids exceed those of bidders recommended by Design/Builder and those whose bids are less than bidders recommended by Design/Builder) is the selection of subcontractors and suppliers whose bids, in the aggregate, exceed those of the bidders recommended by Design/Builder and approved by Owner as complying with the Drawings and Specifications, the Estimated Design/Builder's Cost and the Guaranteed Maximum Cost shall be increased by the amount by which the bids of the designated subcontractors and suppliers exceed the bids of the bidders recommended by Design/Builder. Design/Builder's Fee set forth in Section IX hereof shall not be increased on account of Owner's designation of subcontractors or suppliers, regardless of the number of such designations or the resulting increase in the Guaranteed Maximum Cost, if any.

D. All subcontracts shall, so far as practicable, contain unit prices and any other feasible formula for use in the determination of the cost of changes in the Work. Design/Builder agrees to hold all subcontractors,

including all persons directly or indirectly employed by them, responsible for any damages due to breach of contract or any negligent act and to diligently endeavor to effect recoveries of such damages.

Section XIII. Insurance and Indemnification

A. Design/Builder shall provide Builder's Risk insurance on the terms and conditions set forth in the General Conditions of the Contract attached hereto as Exhibit I or in Exhibit C hereto, as applicable. Design/Builder shall also provide and cause its subcontractors to provide

workers' compensation and liability insurance coverages of the types and on the terms and conditions set forth in the General Conditions hereto or Exhibit C hereto, as applicable, and the errors and omissions insurance in an amount of not less than $1,000,000 of coverage of those providing design services as set forth in the General Conditions or Exhibit C hereto, as applicable. The costs of all such insurance is included in the Estimated Design/Builder's Cost and the Guaranteed Maximum Cost.

B. DESIGN/BUILDER SHALL TO THE FULLEST EXTENT PERMITTED BY LAW INDEMNIFY, DEFEND AND HOLD HARMLESS DEVELOPER, OWNER AND THE TENANT(S) OF THE PROJECT, AND THEIR RESPECTIVE AFFILIATES, SUBSIDIARIES RELATED ENTITIES AND THE PARTNERS, OFFICERS, DIRECTORS, SHAREHOLDERS AND EMPLOYEES THEREOF FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, COST OR EXPENSE (INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEYS' FEES) ARISING OUT OF, RESULTING FROM OR OCCURRING IN CONNECTION WITH THE PERFORMANCE OF THE WORK THAT IS (i) ATTRIBUTABLE TO ANY BODILY OR PERSONAL INJURY, SICKNESS, DISEASE OR DEATH OF ANY PERSON OR ANY DAMAGE OR INJURY TO OR DESTRUCTION OF REAL OR PERSONAL PROPERTY (OTHER THAN THE WORK ITSELF) INCLUDING THE LOSS OF USE THEREOF, AND (ii) CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT, STRICT LIABILITY OR OTHER ACT OR OMISSION OF DESIGN/BUILDER, ANY SUBCONTRACTOR OR SUB-SUBCONTRACTOR, THEIR RESPECTIVE AGENTS OR EMPLOYEES OR ANY OTHER PARTY FOR WHOM ANY OF THEM MAY BE LIABLE, AND REGARDLESS OF WHETHER SUCH IS CAUSED IN PART BY THE NEGLIGENT STRICT LIABILITY OR OTHER ACT OR OMISSION OF A PARTY OR PARTIES IDENTIFIED HEREUNDER.

DESIGN/BUILDER SHALL INDEMNIFY AND SAVE HARMLESS EACH OF THE PARTIES INDEMNIFIED UNDER THIS SECTION XIII FROM ANY AND ALL CLAIMS, LIENS, CLAIMS OF LIENS (EXCEPT LIENS OR CLAIMS FOR LABOR, MATERIAL OR EQUIPMENT FOR WHICH THE OWNER HAS NOT PAID THE DESIGN/BUILDER), DEMANDS, CAUSES OF ACTION OR SUITS OF WHATEVER NATURE ARISING OUT OF THE SERVICES, LABOR, EQUIPMENT OR MATERIALS FURNISHED BY DESIGN/BUILDER, INCLUDING WITHOUT LIMITATION THOSE ASSERTING LABORERS', MECHANICS' OR MATERIALMEN'S LIENS (EXCEPT LIENS OR CLAIMS FOR LABOR, MATERIAL, OR EQUIPMENT FOR WHICH THE OWNER HAS NOT PAID THE DESIGN/BUILDER), OR ARISING OUT OF ANY ACTUAL OR ALLEGED VIOLATION OF LAWS, CODES, REGULATIONS, RULES, ORDINANCES OR ORDERS OF ANY PUBLIC AUTHORITY OCCASIONED BY THE NEGLIGENCE OR OTHER ACTS OR OMISSIONS OF DESIGN/BUILDER, THEIR RESPECTIVE AGENTS OR EMPLOYEES OR ANY PARTY FOR WHICH ANY OF THEM MAY BE LIABLE, AND REGARDLESS OF WHETHER SUCH IS CAUSED IN PART BY THE NEGLIGENT, STRICT LIABILITY OR OTHER ACT OR OMISSION OF A PARTY OR PARTIES INDEMNIFIED HEREUNDER; PROVIDED, HOWEVER, THE FOREGOING INDEMNITY SHALL NOT INCLUDE THE PORTION OF SUCH CLAIMS, DEMANDS OR CAUSES OF ACTION FOR WHICH A PARTY INDEMNIFIED HEREUNDER IS DETERMINED TO BE LIABLE DUE TO ITS OWN INDEPENDENT ACTS OR OMISSIONS.

THE FOREGOING INDEMNIFICATION OBLIGATIONS SHALL NOT BE CONSTRUED TO NEGATE, ABRIDGE OR OTHERWISE REDUCE ANY OTHER RIGHTS OR OBLIGATIONS OF INDEMNITY WHICH WOULD OTHERWISE EXIST IN FAVOR OF A PARTY INDEMNIFIED HEREUNDER NOR SHALL IT LIMITED IN ANY WAY BY ANY LIMITATION ON THE AMOUNT OR TYPE OF DAMAGES, COMPENSATION OR BENEFITS PAYABLE UNDER WORKERS' OR WORKMEN'S COMPENSATION ACTS,

DISABILITY BENEFIT ACTS OR OTHER EMPLOYEE BENEFIT ACTS. THE INDEMNITY OBLIGATIONS CONTAINED IN THIS SECTION XIII SHALL SURVIVE ANY COMPLETION, TERMINATION, ABANDONMENT OR EXPIRATION OF THIS AGREEMENT.

Section XIV. Liens

A. Design/Builder shall not voluntarily permit any laborer's, materialmen's, mechanics', or other similar lien to be filed or otherwise imposed on any part of the Work or the property on which the Work is performed. If any laborer's, materialmen's, mechanics, or other similar lien or claim thereof is filed and Design/Builder does not cause such lien to be released and discharged forthwith or file a bond in lieu thereof, Owner shall have the right to pay all sums necessary to obtain such release and discharge and deduct all amounts so paid from the Contract Sum. Design/Builder shall indemnify and hold harmless Owner from all claims, losses, demands, causes of action or suits of whatever nature arising out of any such lien.

B. Design/Builder shall and hereby does subordinate any and all liens, rights and interest (whether choate or inchoate and including, without limitation, all mechanics' and materialmen's liens under the applicable laws and statutes of the state of the situs of the project) owned, claimed or held, or to be owned, claimed or held by Design/Builder or anyone else acting or claiming through or under Design/Builder in and to any part of the Work or the property on which the Work is performed, to the liens securing payments of sums now or hereafter borrowed by Owner in connection with construction of the Improvements. Design/Builder shall execute such further and additional evidence of the subordination of any and all liens, rights and interest as Owner's lenders may require, including the form of Subordination Agreement attached hereto as Exhibit G. The subordination of lien is made in consideration of and as an inducement to the execution and delivery of this Agreement, and shall be applicable despite any dispute between the parties hereto or any others, or any default by Owner under the Contract Documents or otherwise.

C. Design/Builder shall include in every subcontract relating to the Work (including without limitation the electrical, mechanical, foundation and excavation, and elevator subcontracts) to which it is a party and in each and every lower tier subcontract, provisions (i) that the person or entity doing work, performing labor or furnishing materials pursuant to each subcontract agrees to subordinate any mechanics' or materialmen's lien or any other claim against any part of the Work or the property on which the Work is performed for or on account of any work done, labor performed or materials furnished under the Contract Documents or such subcontract to the liens securing payment of sums now or hereafter borrowed by Owner or applicable rights of any industrial or development district or other governmental or quasi-governmental entity in connection with construction of the Improvements, (ii) that the required subordinations are made in consideration of and as an inducement to the execution and delivery of this Agreement and the subcontract in which it appears, and shall be applicable despite any dispute between or among Owner, Design/Builder or any subcontractor or any default by Owner, Design/Builder or any subcontractor under the Contract Documents or any other subcontract or agreement and (iii) that Owner and Owner's lenders are express third party beneficiaries who have supplied consideration for such subordinations.

Section XV. Bonds

A. Design/Builder shall obtain and maintain during the performance of the Work a performance bond and a labor and material payment bond, with obligee rider, each in form and substance satisfactory to Owner. The initial penal sum for each such bond shall be in an amount equal to the Contract Sum and thereafter the penal sums will be adjusted to reflect any adjustments to said Contract Sum. It is understood by Design/Builder and its surety that the penal

sum will automatically be deemed equal to the Contract Sum as adjusted from time to time. To evidence the above automatic adjustments of the penal sums, Design/Builder shall provide to Owner and Owner's lender on a quarterly basis (or at such other times as Owner or Owner's lender may request) a written instrument executed by the surety evidencing such adjustments of the penal sums for each such bond. Such bonds shall be issued by independent corporate surety of recognized financial standing satisfactory to Owner. The cost of the premiums for such bonds is included in the Estimated Design/Builder's Cost and the Guaranteed Maximum Cost. All refunds, credits or dividends, if any, from any such premiums shall be calculated at Final Payment and shall accrue to Owner.

B. Any performance bond or labor and material payment bond furnished by Design/Builder shall not include, and specifically excludes, the work included in the Design Contract Scope of Work.

Section XVI. Independent Contractor

In performing its obligations hereunder, Design/Builder shall be deemed an independent contractor and not an agent or employee of Owner. Design/Builder shall have exclusive authority to manage, direct, and control the Work. Owner is interested in only the results obtained and not in the methods used in achieving the results.

Section XVII. Inspection and Audit

A. Design/Builder represents that it has inspected the location of the Work and has satisfied itself as to the condition thereof and that the Contract Sum is just and reasonable compensation for all the Work, including all foreseen or foreseeable risks, hazards, and difficulties in connection therewith.

B. Owner at all times shall have access to the Work for inspection thereof, but shall not be obligated to conduct any such inspection. Design/Builder shall provide proper and safe facilities for such access and inspection. If any of the Work is required to be inspected or approved by any public authority, Design/Builder shall cause such inspection or approval to occur.

C. Design/Builder understands and acknowledges that Owner's lenders require periodic inspection and certification by an independent architect designated and engaged by lender and by other authorities and agencies. Design/Builder agrees to make the site available at all reasonable times for such inspections and shall coordinate with Owner's Representative (as hereinafter defined) as requested.

D. No inspection performed or failed to be performed by Owner hereunder shall be a waiver of any of Design/Builder's obligations hereunder or be construed as an approval or acceptance of the Work of any part thereof.

E. Design/Builder shall check all materials and labor entering into the Work and shall keep full and detailed accounts thereof.

F. In addition to Owner's other rights with regards to subcontracts entered into by Design/Builder, Owner shall be permitted to review and audit such subcontracts and the scope of work set forth therein. Owner shall have access to the Work and the right to audit all Design/Builder's books, records, correspondence, instructions, drawings, receipts, vouchers and memoranda relating to the Work, and Design/Builder shall preserve all such records for a period of four (4) years after the Final Payment hereunder.

G. It is understood and agreed that this Agreement, the General Conditions of the Contract includes as Exhibit I hereto and the other Contract

Documents provide for Owner's review and/or approval of various aspects of the design, construction and performance of the Work. Anything to the contrary expressed or implied by the Contract Documents or otherwise notwithstanding, an such reviews and approvals shall be solely for the benefit of Owner and may be exercised or omitted in Owner's sole discretion. Owner shall have no obligation to conduct any review or inspection or to express or submit any approval, and neither the doing so nor the failure to do so shall create or impose any duty, obligation or liability on Owner. It is further expressly understood and agreed that no review, inspection or approval shall create any rights in any architects, subcontractors or suppliers engaged by Design/Builder or in any other third parties.

Section XVIII. Survey; Record Drawings

A. Concurrent with the Final Request for Payment, Design/Builder shall furnish as-built surveys showing the exact locations of all structures and water, sewer, gas, telephone, cable, cable TV and electric lines and mains and of all easements for such utilities then existing. Such surveys shall be prepared by a licensed surveyor who shall certify that the Improvements are installed and erected entirely upon the Exhibit A property and within the building restriction lines, if any, and do not overhang or encroach upon any easement or right-of-way of others.

B. During the progress of the Work, Design/Builder shall mark record drawings to show the actual installation where the installation varies substantially from the Work as originally shown, giving particular attention to information on concealed elements that would be difficult to measure and record at a later date. Design/Builder shall submit the marked-up record drawings prior to Completion, preparing such documents so as to provide Owner with an as-built set of documents depicting the Project as constructed. Where changes and information are indicated on shop drawings, Design/Builder shall provided sepias or vellums of such drawings as supplements to the record drawings. The drawings shall be reviewed by Owner and returned to Design/Builder with comments. Design/Builder shall make corrections necessary and submit the originals of the final drawings to Owner.

Section IX. Termination

A. If Design/Builder fails to commence the design or construction of the Work in accordance with the provisions of this Agreement or diligently prosecute the design or construction of Work to completion thereof in a diligent, efficient, timely, workmanlike, skillful and careful manner and in strict accordance with the provisions of the Contract Documents (including the Scheduled Completion Date), to use an adequate amount or quality of personnel or equipment to complete the Work without undue delay, to perform any of its obligations under the Contract Documents, or to make prompt payments to its subcontractors, materialmen or laborers, then Owner shall have the right, if Design/Builder shall not cure any such default after seven (7) days written notice thereof (or, if such default is of such a nature as to be incapable of cure within such period, shall not commence action to cure said default within such period and thereafter diligently and continuously pursue such action to complete such cure promptly, and in all events within thirty (30) days of such notice), to (i) terminate this Agreement, (ii) take possession of and use all or any part of Design/Builder's materials, equipment, supplies, and other property of every kind used by Design/Builder in the performance of the Work and to use such property in the completion of the Work, or (iii) complete the design and construction of the Project in any manner it deems desirable, including engaging the services of other parties therefor. Any such act by Owner shall not be deemed a waiver of any other right or remedy of Owner. If after exercising any such remedy the cost to Owner of the performance of the balance of the Work is in excess of the unpaid portion of the Contract Sum, Design/Builder shall be liable for and reimburse Owner such excess.

B. If Owner fails to perform any of its obligations hereunder, Design/Builder shall have the right to give Owner written notice thereof, stating the nature of the default. If Owner does not cure such default within thirty (30) days after receipt of such notice, Design/Builder shall have the right to terminate this Agreement by giving Owner written notice thereof at any time thereafter while such default remains uncured and payment shall be made to Design/Builder for all Work executed and for any proven loss sustained upon any materials, equipment, tools, construction equipment and machinery, and reasonable demobilization costs and fee earned to date of termination.

C. Owner may, if Design/Builder neglects to prosecute the Work properly or to perform any provision of the Contract Documents, or otherwise does, or omits to do, anything whereby safety or proper construction may be endangered or whereby damage or injury may result to person or property, after three (3) days written notice to Design/Builder, without prejudice to any other remedy Owner may have, make good all work, material, omissions or deficiencies, and may deduct the cost therefor from the Contract Sum, but no action taken by Owner hereunder shall affect any of the other rights or remedies of Owner granted by this Agreement or by law or relieve Design/Builder from any consequences or liabilities arising from such acts or omissions.

D. It is recognized that if Design/Builder is adjudged a bankrupt, or makes a general assignment for the benefit of creditors, or if a receiver is appointed for the benefit of its creditors, or if a receiver is appointed on account of its insolvency, such could impair or frustrate Design/Builder's performance of this Agreement. Accordingly, it is agreed that upon the

occurrence of any such event, Owner shall be entitled to request of Design/Builder or its successor in interest adequate assurance of future performance in accordance with the terms and conditions hereof. Failure to comply with such request within ten (10) days of delivery of the request shall entitle Owner to terminate this Agreement and to the accompanying rights set forth above in Section XIX(A). In all events pending receipt of adequate assurance of performance and actual performance in accordance therewith, Owner shall be entitled to proceed with the Work with its own forces or with other contractors on a time and material or other appropriate basis the cost of which will be backcharged against the Contract Sum hereof.

E. Owner hereby reserves the right to terminate this Agreement without regard to fault or breach upon written notice to Design/Builder, effective immediately unless otherwise provided in said notice. In the event of such termination, Owner shall pay as the sole amount due to Design/Builder in connection with the Project (i) costs reimbursable hereunder for Work performed to date plus Design/Builder's Fee on such costs (except retainage sums shall not be paid prior to thirty (30) days following the date of termination); and (ii) reasonable cost of termination. Such sums will be due and payable on the same conditions as set forth in Section IX hereof, for Final Payment to the extent applicable. Upon receipt of such payment, the parties hereto shall have no further obligations to each other except for Design/Builder's obligations to perform corrective and/or warranty work and to indemnify Owner as provided in the Contract Documents for only that work performed prior to the date of termination. No fee or other compensation shall be due or payable for unperformed Work. Design/Builder agrees that each subcontract and purchase order will reserve for Design/Builder the same right of termination provided by this Section XIX(E), and Design/Builder further agrees to require that comparable provisions be included in all lower tier subcontracts and purchase orders.

F. It is recognized and acknowledged that Owner (of affiliated or related entities of Owner) by separate agreement(s) has engaged (and may engage) Contractor as a contractor with respect to one or more other construction projects. Accordingly it is hereby agreed that any breach or default by Contractor under this Agreement, or under any other agreement between Owner (or affiliated or related entitled of Owner) and Contractor shall also be deemed a

breach or default under any and all agreement(s) between the parties. It is further agreed that to the extent such breach or default entitles Owner (or affiliated or related entitles of Owner) to exercise any particular right or remedy with respect to one agreement, Owner (or affiliated or related entities of Owner) shall also be entitled to exercise said right or remedy with respect to any other agreement(s).

G. In the event that termination of Design/Builder or its successor in interest pursuant to Section XIX(A) or (D) was wrongful, such termination will be deemed converted to a termination for convenience pursuant to Section XIX(E) and Design/Builder's remedy for wrongful termination in such event shall be limited to the recovery of the payments permitted for termination for convenience as set forth in Section XIX(E).

H. The rights and remedies of Owner and Design/Builder under this Section XIX shall be non-exclusive, and shall be in addition to all the other remedies available to such parties at law or in equity, subject, however, in the case of Design/Builder, to the limitations contained in Sections XIX(E) and (F) and other provisions of this Agreement.

Section XX. Notices

All notices to be given hereunder shall be in writing, and all payments to be made hereunder shall be by check, and may be given, served or made by telecopy (with hard copy to follow) or by depositing the same in the United States mail addressed to the authorized Representative (as specified in Section XXX hereof) of the party to be notified, postage prepaid and registered or certified with return receipt requested or by delivering the same in person to the said authorized Representative of such party. Notice deposited in the mail in accordance with the provisions hereof shall be effective unless otherwise stated in such notice or in this Agreement from and after the fourth day next following the date postmarked on the envelope containing such notice, or when actually received, whichever is earlier. Notice given in any other manner shall be effective only if and when received by the party to be notified. All notices to be given to the parties hereto shall be sent to and made at the addresses heretofore set forth. The parties hereto shall have the right to change their respective addresses on fifteen (15) days written notice specifying the new address.

The parties' respective addresses for notice and payment purposes are:

If to Owner: Wells Operating Partnership, L.P.
c/o Wells Capital, Inc.
Attn.: Senior Vice President Asset Management
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Fax: (770) 200-8199

with a copy to: Troutman Sanders LLP
Attn.: Mr. John W. Griffin
600 Peachtree Street, N.E., Suite 5200
Atlanta, Georgia 30308-2216
Fax: (404) 962-6577 and (404) 885-3900

with a copy to: Champion Partners, Ltd.
Attn.: Robert D. Poynor
15601 Dallas Parkway, Suite 100
Addison, Texas 75001
Fax: (972) 490-5599

If to Design/Builder: Thos. S. Byrne, Inc.
Attn.: Keith Bjerke
2777 Stemmons Freeway, Suite 998
Dallas, Texas 75207

Fax: (214) 267-0926

Telecopy notices shall not be effective unless confirmation of receipt is provided. The parties agree to provide immediate confirmation of receipt of telecopy communication.

Section XXI. Title of Work

Immediately upon the performance of any part of the Work, as between Design/Builder and Owner, title thereto shall vest in Owner; provided, however, the vesting of such title shall not impose any obligations on Owner or relieve Design/Builder of any of its obligations hereunder.

Section XXII. Waiver

No consent or waiver, express or implied, by either party to this Agreement to or of any breach or default by the other in the performance of any obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default by such party hereunder. Failure on the part of any party hereto to complain of any act or failure to act of the other party or to declare the other party in default hereunder, irrespective of how long such failure continues, shall not constitute a waiver of the rights of such party hereunder. Inspection by, payment by, or tentative approval or acceptance by Owner or the failure of Owner to perform any inspection hereunder, shall not constitute a final acceptance of the Work or any part thereof and shall not release Design/Builder of any of its obligations hereunder.

Section XXIII. Conflicts

In case of conflicts between the provisions of this Agreement, any ancillary documents executed contemporaneously herewith or prior hereto, or any other of the Contract Documents, the provisions of this Agreement (including all exhibits) shall prevail.

Section XXIV. Work in Progress

A. Design/Builder shall protect and prevent damage to all unfinished phases of Work, including but not limited to the protection thereof from damage by the elements, theft, or vandalism.

B. Design/Builder shall use reasonable efforts to complete and make available portions of the Project for occupancy by Owner or its tenants prior to the Scheduled Completion Date provided such occupancy does not delay the Project. Any such early occupancy shall be pursuant to an appropriate agreement setting forth (i) responsibility for utility cost; (ii) commencement of warranty obligations for the portion of the Improvements to be occupied; (iii) insurance to be maintained by Owner or its tenants and their respective separate contractors; and (iv) appropriate modification of Design/Builder's obligation to indemnify Owner for Owner's partial negligence as such indemnity relates to the area(s) to be occupied. As portions of the Project are completed and occupied, Design/Builder shall ensure that continuing construction activity will not unreasonably interfere with the use or occupancy of the completed portions thereof. Design/Builder recognizes that Owner and/or its tenant for the Project will engage other contractors who will be performing other work at and within the Project, and Design/Builder accepts such ongoing activity as a site condition relative to its Work, and its schedule, costs and fee include time and monies associated with performing work in such manner. Design/Builder will permit other contractors who are performing tenant work or other work in the Project access

to the Project and coordinate the Work with the work of such separate contractors so that the work by such other contractors and the Work under this Agreement do not interfere with each other.

Section XXV. Compliance with Laws

Any provisions hereof the contrary notwithstanding, Design/Builder shall observe and abide by and perform all of its obligations hereunder in accordance with all applicable laws, rules and regulations of all governmental authorities having jurisdiction, including the Federal Occupational, Safety and Health Act, the Americans with Disabilities Act, Texas Accessibility Standards, and environmental statutes. Design/Builder shall not transport, store or introduce to the Project, nor specifically for use in its design or construction, any hazardous substances, as that term is used in the promulgations of the Environmental Protection Agency or The Texas Natural Resources Conservation Commission.

Section XXVI. Personnel

All personnel used by Design/Builder in the performance of the Work shall be qualified by training and experience to perform their assigned tasks. At the request of Owner, Design/Builder shall not use in the performance of the Work any personnel deemed by Owner to be incompetent, careless, unqualified to perform the work assigned to him, or otherwise unsatisfactory to Owner. It is specifically agreed that Design/Builder's Project Manager shall be Damon Norman, and its Superintendent shall be Ed Gaston. The Project Manager will devote such time to Work as necessary to properly perform his respective duties to assure that the Work will be diligently prosecuted in accordance with the Contract Documents and the Project Manager win continue such role unless prior release is approved or directed by Owner's Representative. The Superintendents and other approved personnel other than the Project Manager will be engaged in the prosecution of the Work continuously on an exclusive, full time basis until their role is completed, unless prior release is approved or directed by Owner's Representative or unless such personnel shall cease to be employed by Design/Builder. Replacement of or addition to such key personnel shall similarly be subject to prior approval by Owner. Design/Builder further agrees not to remove from the Work any employee that Owner considers to be necessary for the proper performance of the Work without the prior approval of Owner.

Section XXVII. Design/Builder's Warranties

Design/Builder represents and warrants that: (i) it is financially solvent, able to pay its debts as they mature, and possessed of sufficient working capital to complete this Agreement; (ii) it is able to furnish the plant, tools, materials, supplies, equipment and labor, and is experienced in and competent to perform the Work contemplated by this Agreement; (iii) it is qualified to do the work herein and is authorized to do business in the State where the Project is located; and (iv) it holds a license, permit or other special license to perform the services included in this Agreement, as required by law, or employs or works under the general supervision of the holder of such license, permit or special license.

Section XXVIII. Defects

A. Design/Builder shall (i) re-execute any parts of the Work that fail to conform with the requirements of this Agreement that appear in the progress of the Work, (ii) remedy any defects in the Work due to faulty materials or workmanship which appear within a period of two (2) years of Substantial Completion of the Project, or within such longer period of time as

may be set forth in the Drawings and Specifications or other Contract Documents; and (iii) replace, repair or restore any parts of the Project or furniture, fixtures, equipment or other items placed therein (whether by Owner or any other party) that are injured or damaged by any such parts of the Work that do not conform to the requirements of this Agreement or defects in the Work. The provisions of this Section XXVIII apply to work done by subcontractors of Design/Builder as well as work done directly by employees of Design/Builder, but shall not apply to corrective work attributable solely to the acts or omissions of any separate contractor of Owner. The cost to Design/Builder of performing any of its obligations under this Section XXVIII shall not be included in the Contact Sum and Design/Builder shall bear all extra costs such as additional architectural, engineering and design services related to such corrective work.

B. All corrective work shall be at no cost to Owner. If, however, Owner and Design/Builder deem it inexpedient to require the correction of Work damaged or not done in accordance with the Contract Documents, an equitable deduction from the Contract Sum shall be made by agreement between Design/Builder and Owner. Until such settlement, Owner may withhold such sums as Owner deems just and reasonable from monies, if any, due Design/Builder.

C. Design/Builder's express warranty herein shall be in addition to, and not in lieu of any other remedies Owner may have under this Agreement, at law, or in equity for defective Work.

D. After the date of Substantial Completion, Design/Builder shall grant to Owner or such other or additional parties as Owner may specify, a nonexclusive assignment, of all warranties and guaranties in connection with the Project, whether given by Design/Builder or any other contractors, manufacturers, suppliers and vendors of Design/Builder with respect to the Improvements and any materials used in the construction and installation thereof. Design/Builder shall obtain with respect to the roof of the Project in connection with initial construction: (a) a warranty for a period of two years from the date of Substantial Completion on all labor and materials, and (b) a warranty for a period of 20 years from the date of Substantial Completion on the materials.

Section XXIX. Confidentiality and Media Communications

A. Owner is furnishing Design/Builder with certain information in connection with Owner, Developer and the Project. As a condition to the receipt of such information, Design/Builder agrees to treat confidentially any information concerning the Developer, Owner or the Project which is furnished to Design/Builder or of which Design/Builder becomes aware, whether furnished or discovered before or after the date of this Agreement, together with analyses, compilations, studies or other documents or records prepared by Design/Builder or its

directors, officers, employees, advisors or representatives, all such information being referred to herein as the "Material".

B. Design/Builder hereby agrees that the Material will be used solely for the purpose of performance under this Agreement and that the Material win be kept confidential by Design/Builder and its representatives; provided, however, that any of the Material may be disclosed to Design/Builder's representatives who need to know the information contained therein for the purpose described above, it being understood that (i) such representatives shall be informed by Design/Builder of the confidential nature of such information and Design/Builder shall cause such representatives to treat such information confidentially, (ii) Design/Builder shall maintain a list of those persons to whom such information has been disclosed, which list shall be presented to Developer upon request, and (iii) in a any event Design/Builder shall be responsible for any breach of this Agreement by any of its representatives.

C. Without the prior written consent of Owner, Design/Builder will

not, and will direct Design/Builder's representatives to not, disclose the Material or to disclose to any person the fact that the Material has been made available to Design/Builder or that Design/Builder has inspected any portion of the Material. Without limitation on the foregoing, Design/Builder and its representatives will not discuss the Material, including any prospective site locations for the Project with members of the press, brokers or any other persons.

D. It is further understood and agreed that money damages would not be a sufficient remedy for any breach of this provision of the Agreement and that Owner shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such remedy for breach. Such remedy shall not be deemed to be exclusive remedy for breach of this Agreement but shall be in addition to all other remedies available at law or equity to Owner.

E. The provisions relating to confidentiality in this Section of the Agreement shall survive any termination of or completion of performance under this Agreement.

Section XXX. Representatives

A. Developer shall be Owner's representative with respect to the Project, authorized to act on Owner's behalf and with authority to execute any and all instruments requiring Owner's approval, consent, action or instruction. Design/Builder shall communicate with Owner through Developer, and any and all notices and/or submittals required of Design/Builder under this Agreement or any other Contract Document, including without limitation Requests for Payment, Change Orders, requests for extension of time and/or claims for extras, shall be submitted directly to Developer by Design/Builder.

B. The Developer's Representative, with full authority to execute any and all instruments requiring Developer's approval and to act on behalf of Developer with respect to all matters arising out of this Agreement, is hereby designated to be Robert Poynor unless and until Developer notifies Design/Builder in writing that some other person shall be Developer's Representative.

C. Design/Builder's Representative with full authority to execute any and all instruments requiring Design/Builder's signature and to act on behalf of Design/Builder with respect to all matters arising out of this Agreement is designated to be either of Keith Bjerke or Damon Norman.

D. Developer, Owner and Design/Builder each will act in a reasonable manner in the exercise of the rights and authorities granted to the respective parties by this Agreement and the other Contract Document.

Section XXXI. Assignment

A. Except as otherwise provided in this Section XXXI, neither party to this Agreement shall assign this Agreement or sublet it as a whole without the written consent of the other; nor shall Design/Builder assign any monies due or to become due to it hereunder, without the previous written consent of Owner. Owner may, however, assign this Agreement to any related party or entity provided that such related party or entity has also taken title to the Project. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding on the parties hereto and their respective successors and assigns.

B. Design/Builder hereby assigns to Owner (and its assigns) all its interest in any subcontracts and purchase orders now existing or hereinafter entered into by Design/Builder for performance of any part of the design and/or construction of the Work which assignment win be effective upon acceptance by Owner in writing and only as to those subcontracts and purchase orders which Owner designates in said writing. Owner may accept said assignment at any time

during the course of construction prior to final completion. All subcontracts and purchase orders shall provide that they are freely assignable to Owner and assigns. It is further agreed and understood that such assignment is part of the consideration to Owner for entering into this Agreement and may not be withdrawn prior to final completion.

Section XXXII. Lenders' Right to Complete

In the event of a default by Owner under its loan agreement, the unperformed part of this Agreement will be performed by Design/Builder for the benefit and at the expense of Owner's lender, should the lender so elect, provided that there is no interruption in the prosecution of the Work and all obligations of Owner to Design/Builder are paid or performed including payment of progress payments pending at the time of said default. If there are any delays or interruptions as a result of the lender assuming the obligations of Owner for any part of this Agreement, any additional cost involved and any changes in completion or occupancy dates necessitated by such delays or interruptions shall be subject to negotiation between the parties. As further consideration of this Agreement Design/Builder agrees to execute immediately upon request by Owner the Subordination Agreement attached hereto as Exhibit G.

Section XXXIII. Limitation of Liability

A. Notwithstanding anything herein to the contrary, in no event shall Design/Builder have any claim against any partners of Owner, or any partners of the partners of Owner, or the officers, directors, employees or shareholders of any corporate partner of Owner or any corporate

partner of a partner of Owner, Design/Builder hereby acknowledging that the obligations of Owner are the responsibility solely of the entity so defined and claims, if any, against Owner shall be limited to the assets of Owner, Design/Builder unconditionally waiving any other claims. The foregoing agreement is a part of the consideration for Owner entering into this Agreement with Contractor.

B. Design/Builder understands and acknowledges that Developer has certain obligations to Owner in connection with the development of the Project, and that Developer is and will seek advances, funding and reimbursement from Owner of amounts owed to Developer, and will submit Design/Builder's Requests for Payment hereunder to Owner for Owner's funding. Design/Builder will, in addition to any other requirements of the Contract Documents, cooperate and comply with Developer's and Owner's requirements and requests regarding submittals in order to facilitate payments from Owner, and acknowledges that delays, incompleteness or irregularities in or lack of substantiation for Design/Builder's Requests for Payment and other submittals may cause delays in or the need for resubmittal of Design/Builder's Requests for Payment and other submittals.

C. Nothing contained in this Agreement or elsewhere shall create or imply any agreement between Design/Builder and Developer or any obligation of Developer to Design/Builder. Design/Builder acknowledges that its agreement is with Owner only and that neither Design/Builder nor any Subcontractor or Sub-subcontractor shall have any right to payment from or to assert any claim against Developer or any partner, officer, director, employee or shareholder thereof.

Section XXXIV. Nondiscrimination

Design/Builder agrees that in the performance of its work under this Agreement it will not knowingly violate any applicable laws or regulations prohibiting discrimination in employment.

Section XXXV. Construction of Terms

Unless the context clearly intends to the contrary, words singular or plural in number shall be deemed to include the other and pronouns having a masculine or feminine gender shall be deemed to include the other. The term "person" shall be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and governmental agency or subdivision, as the context shall require.

Section XXXVI. Captions

The captions used for the Sections in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of this Agreement or any Section hereof.

Section XXXVII. Governing Law

This Agreement has been prepared, negotiated and executed in the State of Texas, and shall be governed in all aspects by the laws of the State of Texas.

Section XXXVIII. Entire Agreement

The Contract Documents constitute the entire agreement between the parties hereto with respect to the matters covered thereby. All prior negotiations, representations and agreements with respect thereto not incorporated in such Contract Documents are hereby canceled. This Agreement can be modified or amended only by a document duly executed on behalf of the parties hereto.

IN WITNESS WHEREOF, this Agreement is hereby executed as of the date first above set forth.

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

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

By: /s/ Douglas P. Williams
Name: Douglas P. Williams
Title: Executive Vice President

THOS. S. BYRNE, INC.
a Texas corporation

By: /s/ Keith Bjerke
Name: Keith Bjerke
Title: VP. General Manager Dallas

EXHIBIT A

LEGAL DESCRIPTION

BEING a tract of land situated in the CORDELIA BOWEN SURVEY, ABSTRACT NO. 56, DALLAS County, Texas, and being all of Lot 7, Block C of DFW FREEPORT, 12TH INSTALLMENT, an Addition to the City of Irving, Texas, recorded in Volume 84246, Page 317, Deed Records of DALLAS County, Texas said tract being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with "Halff Assoc., Inc." cap (hereafter referred to as "with cap") found for corner at the North end of a right of way corner clip at the intersection of the Northeast right of way line of Esters Boulevard (80 foot right of way) and the Southeast right of way line of Freeport Parkway (100 foot right of way);

THENCE North 54 degrees 19 minutes 10 seconds East, with said Southeast right of way line of Freeport Parkway, a distance of 57.16 feet to a 1/2 inch iron rod with cap found at the beginning of a curve to the left having a radius of 880.59 feet;

THENCE in a Northerly direction, continuing with said Southeast right of way line and along said curve to the left, through a central angle of 44 degrees 00 minutes 00 seconds, an arc distance of 676.24 feet to a 1/2 inch iron with cap found for corner;

THENCE North 10 degrees 19 minutes 10 seconds East, continuing along said right of way line, a distance of 87.55 feet to a 1/2 inch iron rod with cap found for corner, said point being the Southwest end of a right of way corner clip at the intersection of said Southeast right of way line of Freeport Parkway and the Southwest right of way line of Regent Boulevard (100 foot right of way);

THENCE North 55 degrees 19 minutes 10 seconds East, along said right of way corner clip, a distance of 25.00 feet to a 1/2 inch iron rod with cap found for corner on said Southwest line of Regent Boulevard;

THENCE South 79 degrees 40 minutes 50 seconds East, along said Southwest right of way, a distance of 402.27 feet to a 1/2 inch iron rod with cap found at the beginning of a curve to the right having a radius of 549.97 feet;

THENCE in a Southeasterly direction, continuing with said Southwest right of way line, along said curve to the right, through a central angle of 43 degrees 56 minutes 10 seconds, an arc distance of 421.73 feet to a 1/2 inch iron rod with cap found at the end of said curve;

THENCE, South 35 degrees 44 minutes 40 seconds East, continuing with said Southwest right of way line, a distance of 88.38 feet to a 1/2 inch iron rod with cap found for corner, said point being the Northern most corner of Lot 6, Block C of said 12th Installment;

THENCE South 54 degrees 19 minutes 10 seconds West, departing said Southwest right of way line and along the Northwesterly line of said Lot 6, passing at a distance of 820.00 feet the Western most corner of Lot 6, also being the Northern most corner of Lot 9B, Block C DFW Freeport, 12th Installment Revision, an Addition to the City of Irving, Texas, recorded in Volume 94036, Page 4168, Deed Records, DALLAS County, Texas, and continuing along the Northwesterly line of said Lot 9B, in all a distance of 1208.41 feet to an "X" cut in concrete set on said Northeast right of way line of Esters Boulevard;

THENCE North 35 degrees 40 minutes 50 seconds West, with said Northeast right of way line, a distance of 433.97 feet to a 1/2 inch iron rod with cap found at the South end of the aforementioned corner clip at the intersection of Esters

Boulevard and Freeport Parkway;

THENCE North 09 degrees 19 minutes 10 seconds East, with said right of way corner clip, a distance of 25.00 feet to the POINT OF BEGINNING and CONTAINING 647,857 square feet or 14.873 acres of land, more or less.

EXHIBIT B

CONTRACT DOCUMENTS

(1) Nissan Motor Acceptance Corporation Conceptual Structural Foundation & Framing Plan, dated February 28, 2001, 4 sheets (S1.01, S2.01, S2.02, S2.03) prepared by Brockette Davis Drake, Inc.

(2) Nissan Motor Acceptance Corporation Specification/Narratives, dated August 30, 2000, prepared by HKS Architects and Brockette Davis Drake, The SWA Group, Blum Consulting Engineering and The Staubach Company, as follows:

- (i) Interior Space Requirements Program, 16 pages
- (ii) Architectural/Interior Design Narrative (Shell), 5 pages
- (iii) Architectural/Interior Design Narrative (Interiors), 8 pages, Revised November 27, 2000
- (iv) Landscape Design Narrative, 1 page
- (v) MEP Shell Building Outline Specifications, 32 pages
- (vi) MEP Interior Finishout Narrative, 4 pages

(3) Developer Scope Summary Form (no date), 4 pages

(4) Site Plan, as prepared by HKS, dated February 21, 2001 (superceded by 4/17/01 set).

(5) Outline Specification: Roof, Glazing & Elevators, dated February 21, 2001.

(6) Finish System for Preliminary Design, prepared by HKS, dated February 27, 2001.

(7) Yasuda Fire & Marine Insurance Company letter of document review dated August 30, 2000.

(8) HKS Architects' memo of Construction Type Options (for fire rating) not dated.

(9) HKS Architects' Revised Plans; 6 sheets, dated April 17, 2001.

(10) Blum Consulting Engineers' memo specifications of McQuay equipment, dated April 24,

(11) Geotechnical Investigation Report, prepared by HBC dated August, 1998, Report #42-2053-98.

(12) Contract between Wells Operating Partnership, L.P. and Thos. S. Byrne, Inc. and Exhibits A through I.

EXHIBIT C

ACORD(TM) CERTIFICATE OF LIABILITY INSURANCE	DATE(MM/DD/YY) 09/18/01
PRODUCER TUCKER AGENCY, INC. P.O. BOX 2285 FORTH WORTH, TX 76113	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. COMPANIES AFFORDING COVERAGE COMPANY

(817) 336-8620

INSURED	COMPANY A: ST PAUL GUARDIAN INSURANCE CO.
THOS. S. BYRNE, INC.	COMPANY B: NATL UNION FIRE INS CO OF PITT
900 SUMMIT AVENUE FORT WORTH, TX 76102	COMPANY C: THE TEXAS FUND (COMPGROUP ACG)
	COMPANY D:

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES, LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY				GENERAL AGGREGATE	$ 2,000,000
A	[X] COMMERCIAL GENERAL LIABILITY	KK05100567	10/01/00	10/01/01	PRODUCTS.COMP/OP AGG	$ 2,000,000
	[_][_] CLAIMS MADE: [X] OCCUR				PERSONAL & ADV INJURY	$ 1,000,000
	[_] OWNERS & CONTRACTORS PROT				EACH OCCURRENCE	$ 1,000,000
A	[X] Contractual Liability				FIRE DAMAGE (Any one fire)	$ 100,000
					MED EXP (Any one person)	$ 10,000
	AUTOMOBILE LIABILITY					
A	[X] ANY AUTO	KK09100967-01	10/01/00	10/01/01	COMBINED SINGLE UNIT	$ 1,000,000
	[_] ALL OWNED AUTOS				BODILY INJURY (Per person)	$
	[_] SCHEDULED AUTOS					
A	[X] HIRED AUTOS				BODILY INJURY (Per accident)	$
A	[X] NON-OWNED AUTOS					
	[_]				PROPERTY DAMAGE	$
	[_]					
	GARAGE LIABILITY				AUTO ONLY-EA ACCIDENT	$
	[_] ANY AUTO				OTHER THAN AUTO ONLY:	
					EACH ACCIDENT	$
	[_]					
	[_]				AGGREGATE	$
	EXCESS LIABILITY				EACH OCCURRENCE	$50,000,000
B	[X] UMBRELLA FORM	RE739258	10/01/00	10/01/01	AGGREGATE	$50,000,000
	[_] OTHER THAN UMBRELLA FORM					$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS / OTH-ER	
					EL EACH ACCIDENT	$ 500,000
C	THE PROPRETOR/ [X] INCL	TSP0001096801	04/01/01	04/01/02	EL DISEASE-POLICY LIMIT	$ 500,00
	PARTNERS/EXECUTIVE OFFICERS ARE: [_] EXCL				EL DISEASE-EA EMPLOYEE	$ 500,000
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER & WELLS OPERATING PARTNERSHIP, L.P. ARE ADDITIONAL INSURED ON ALL POLICIES EXCEPT WORKERS COMPENSATION. WAIVER OF SUBROGATION IN FAVOR OF CERTIFICATE HOLDER & WELLS OPERATING PARTNERSHIP, L.P.

CERTIFICATE HOLDER

CHAMPION PARTNERS, LTD.
15601 DALLAS PKWY
SUITE 100
ADDISON, TX 75001

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF. THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
TRACY TUCKER
/s/ Tracy Tucker

ACORD 25-3(1795) ACORD CORPORATION 1988

EXHIBIT D

ALLOWANCES

The following allowances, which total $5,445,243 in the aggregate, are to be included within the scope of the Project (i.e. the Improvements) as part of the work to be performed by the General Contractor:

(a) $350,000 for dual feed electrical service.

(b) $25,000 for demounting and relocating two existing generators. (This does not include the provisions for a new third generator to be included in the Project scope)

(c) $1,330,000 for date/voice cabling.

(d) $1,350,000 for kitchen/servery/dining equipment and finish out.

(e) $132,000 for the finish-out of the Document Preparation and Computer Setup/Storage Room.

(f) $35,000 for blackout draperies/shades for conference rooms only.

(g) $60,000 for elevator finish upgrade above standard finish provided by elevator company.

(h) $30,000 for the design, construction and installation of the lobby area reception/security desk.

(i) $15,000 for the second floor atrium balcony railing above the first floor main lobby entrance.

(j) Material allowances for furnishing and installing the following floor finishes per the Preliminary Plans and the HKS, Inc. Finish System Schedule are as follows, which when taken in the aggregate shall not exceed $970,798:

1. Carpet Tile -- $26.50 per square yard
2. Rubber Base - $1.00 per linear foot
3. Natural Stone - $20.00 per square foot
4. Ceramic Tile - $7.00 per square foot
5. Quarry Tile - $6.00 per square foot
6. Vinyl Composition Tile - $1.10 per square foot
7. Rubber Flooring - $7.00 per square foot
8. Wood Flooring - $10.00 per square foot

(k) $50,000 for project signage. (This is to include all required interior/exterior code related signs, tenant interior and exterior building mounted or monument signs, and all site traffic directional signs.)

(l) $20,000 for illuminating the north, west and south walls of the building by using ground mounted up lights.

(m) $450,000 for landscaping. (This is to include all landscape materials, irrigation requirements, exterior hardscape features, and only the premium for materials incorporated into concrete flatwork)

(n) $33,000 for the five break room areas' appliances. (This is to include ten (10) refrigerators @ $1,500 each, five (5) ice makers @ $900 each, five (5) dishwashers @ $600 each, ten (10) microwave ovens @ $400 each, and five (5) sinks with disposals @ $600 each, and installation).

(o) $73,000 for the five (5) break room areas for millwork, bars, counters, and upper/lower cabinets.

(p) $20,800 for built in Men's and Women's Fitness Area lockers. (This is to cover material and installation @ $400 each for 17 women's and 35 men's full height plastic laminate finish lockers with combination locks.)

(q) $60,000 for a pedestrian canopy. (This is based on a metal deck canopy 10' wide x 350' long x 8' height, supported on tubular steel columns, complete with piers, painting, and lighting.)

(r) $20,000 for stone enhanced features at the exterior of the main entrance.

(s) $40,000 for Armourcoat wall finishes. (This assumes a material allowance of $10.00 per square foot, and that such material will be specified for the Main Lobby and other core area wall finishes.)

(t) $15,000 for nine (9) pair of fire rated magnetic hold-open doors with frames and hardware at the main interior transfer stair.

(u) $20,000 for two (2) stackable/folding doors. (This assumes an allowance of $250 per linear foot for material, track, framing, and installation of doors two 10' high x 45' long.)

(v) $150,000 for millwork cabinets, counters, and shelving in copy rooms, main rooms, utility rooms, closets, child care areas, and fitness area desk. (This assumes all millwork to have plastic laminate finishes with melamine shelving.)

(w) $110,000 for all window blinds/covering.

(x) $5,600 for two (2) 30' aluminum flag poles, complete with internal halyards, foundations, base plates, and installations.

(y) $20,000 for power assisted handicap compatible doors (main front and back entrance doors).

(z) $4,000 for ten (10) 52" four-blade variable speed, reversible motor ceiling fans for the Fitness Center workout and aerobics areas.

(aa) $20,000 for material and installation of specialty accent and feature lighting.

(bb) $20.00 per square yard (not to exceed $17,400 in total) for fabric wallcovering over tackable substrate on longest sidewalls of the Training/Video Conference and Reserved Dining Rooms.

(cc) $15.00 per square yard (not to exceed $18,645 in total) for vinyl wallcovering in the rest rooms and dining rooms.

For items (j), (bb) and (cc) above, the aggregate or total dollar allowance for each is based upon measured areas calculated by the General Contractor in its review of the Preliminary Plans. In the event any of such areas so calculated by the General Contractor is less than the actual such area, the allowance set forth in (j), (bb) or (cc) above, whichever is applicable, shall be increased to the lesser of (x) the actual aggregate or total cost of such item, or (y) the amount based on the actual such area (or the actual pertinent dimension of such area, as applicable) multiplied by the applicable per square yard, per square foot or per linear foot allowance, with the increase of the amount as determined in accordance with the foregoing provisions of this grammatical paragraph over the amount currently set forth above in (j), (bb) or (cc) to be paid for by the Landlord or the General Contractor directly or out of their respective contingencies.

Exhibit E

Project Schedule

- Start of Construction: Estimated to be January 8, 2002, but no later than January 30, 2002
- Substantial Completion: 380 calendar days following Notice to Proceed (380 days includes 30 weather days)
- Provide Owner with notice of completion 35 days prior to Substantial Completion

- Computer/Telecommunication Room Completion : 45 days prior to Substantial Completion date

- Commissioning Phase: 21 days prior to Substantial Completion

- Installation of Initial FF&E: 14 days prior to Substantial Completion

- Completion of Punch List : Within 45 days following Substantial Completion

EXHIBIT G

CONTRACTOR'S CONSENT AND AGREEMENT

The undersigned ("Contractor") acknowledges the assignment by _____ _____ ("Owner"), to _____ ("Lender"), as additional security for the obligations of Owner under a Construction Loan Agreement ("Loan Agreement") between Owner (as Borrower) and Lender (as Lender), dated _____ of Owner's rights (but not Owner's obligations) under the Construction Contract and any future modifications of the Construction Contractor change orders ("Contract") between Owner and the Contractor pertaining to the project contemplated by the Loan Agreement, such project to be located upon certain real property described on Exhibit "A" attached hereto and made a part hereto (the "Property"). Contractor hereby consents to such assignment and represents and warrants to and agrees with Lender as follows:

1. The copy of the Contract attached hereto as Exhibit "B" is a true, correct and complete copy of the Contract, the Contract has not been changed or modified, and the Contract is in full force and effect.

2. If Owner defaults under the Loan Agreement, Lender may elect by a specific request in writing to (i) have Contractor continue performance under the Contract, in which case Contractor shall thereafter perform under the Contract pursuant to the remainder of this Paragraph 2, or (ii) have Contractor stop work on the project and vacate the Property, in which case Contractor shall promptly do so. If Lender elects by specific request in writing to have Contractor continue or recommence to perform work under the Contract, Contractor shall continue or recommence performance on Lender's behalf under the Contract in accordance with the terms thereof, provided that Contractor shall be reimbursed in accordance with the Contract requested by Lender following such notice. Contractor will look solely to the Owner for all sums owing under the Contract attributable to periods of time prior to the date Contractor begins to act on Lender's behalf and at Lender's specific request. Contractor's agreement to act under the Contract for Lender will not depend upon Contractor being paid any sums owing by the Owner under the Contract prior thereto nor on whether the Owner has otherwise defaulted under the Contract. Nor will Lender be liable for any amounts owing Contractor if Lender requests Contractor to stop work and vacate the Property pursuant to clause (ii) above. lender shall not be liable for any damages Contractor may be entitled to recover from Owner or for change orders made by Contractor and not approved by Lender pursuant to the Loan Agreement. "Lender" as used in this Paragraph includes Lender's successors or assigns, any receiver in possession of the Property, any purchaser upon foreclosure of Lender's security, or any corporation or other nominee formed by or on Lender's behalf (collectively "Lender's Successors"). This Paragraph 2 shall not affect the rights of Lender or Lender's Successors upon or following a foreclosure or transfer of title to the Property.

3. If Owner defaults in making any payment or in performing any other obligation under the Contract, Contractor shall promptly give Lender written notice thereof, specifying the default and the steps necessary to cure same; and if Contractor learns of any default in payment due any subcontractor

or other person supplying labor or materials for the project, Contractor shall similarly advise the Lender thereof. Contractor will not exercise any remedy available under the Contract, at law, or in equity arising from such default by Owner until Lender shall have had the same opportunity to cure such default to which Owner is entitled, if Lender so elects to cure such default, and such longer period of time as may be necessary to obtain possession of, or title to, the Property, provided that Lender shall have no obligation to cure any Owner default. In the event the Contract provides for a cure period of less than thirty (30) days in favor of Owner, Lender shall be entitled to cure such default for a period of at least thirty (30) days notwithstanding such provision. Any curative act done by Lender shall be as effective as if done by Owner.

4. Contractor shall not perform work under any change order without first securing Lender's written consent to such change order unless: (a) the Owner has certified to

Contractor that Lender's consent is not required for such change order; and (b) the cost of or reduction resulting from any single change or modification does not exceed $_____ and the aggregate amount of all such changes and modifications does not exceed $_____. In any such case, Contractor shall promptly provide Lender or its construction consultant with a copy of such change order or other modification. lender's consent shall not constitute any assumption by Lender of any obligation under the Contract. In addition, Contractor will not amend, modify, or terminate (except as specified below) the Contract without the prior written consent of Lender, provided that contractor may terminate the Contract because of a default by Owner thereunder to the extent Contractor has such right in the Contract, provided Contractor has first complied with Section 3 above.

5. Contractor hereby expressly subordinates all contractual, constitutional and statutory mechanics' and materialmen's liens to which Contractor may be or become entitled, to all liens and security interest securing the loan contemplated by the Loan Agreement and expressly waives any right to remove any removable improvements from the Property. Contractor shall require all subcontracts and purchase orders to contain a provision subordinating the subcontractors' and materialmen's liens to the liens and security interests securing the loan contemplated by the Loan Agreement and expressly waiving the right to remove removable improvements from the Property.

6. As of the date hereof, Contractor has no counterclaim, right of set-off, defense or like right against Owner or Lender, and to the best of Contractor's knowledge and belief, the Owner is not in default under the terms of the Contract. Contractor is not in default under the terms of the Contract.

7. Nothing herein shall be construed to confer any present benefits on Contractor or to create any contractual arrangement between Contractor and Lender or to impose upon Lender any duty to see to the application of the proceeds of the loan contemplated by the Loan Agreement or to give any notice of any type to Contractor. Contractor acknowledges that Lender is obligated under the Loan Agreement only to the Owner and to no other person or entity. Contractor is executing this Consent and Agreement to induce Lender to advance funds under the Loan Agreement, and Contractor understands that Lender would not do so but for contractor's execution and delivery of this Consent and Agreement.

8. Contractor shall provide Lender promptly in each case with (a) any information Contractor may have regarding defects in workmanship or materials incorporated into or provided for the project which come to Contractor's attention, (b) Contractor's estimate(s) of the stage(s) of completion of the project, (c) any deviations or variations in construction of the project from the plans and specifications used by Contractor, (d) any information Contractor may have regarding any defaults by Owner, or any other contractor or subcontractor under any construction contracts, and (e) any claims of non-payment by any person furnishing labor or material in connection with construction of the project.

9. This Agreement shall bind and benefit Contractor, Lender and

their respective successors and assigns, including Lender's Successors, their successors and assigns.

10. Any notice for purposes of this Agreement shall be given in writing or by telex or by facsimile (fax) transmission and shall be addressed or delivered to the respective addresses set forth below, or to such other address as may have been previously designated by the intended recipient by notice given in accordance with this Section. If sent by prepaid, registered or certified mail (return receipt requested), the notice shall be deemed effective when the receipt is signed or when the attempted initial delivery is refused or cannot be made because of a change of address of which the sending party has not been notified; if transmitted by telex, the notice shall be effective when transmitted (answerback) confirmed; and if transmitted by facsimile or personal delivery, the notice shall be effective when received. Until changed by notice given in accordance with this Section, the initial respective addresses for notices are the following:

To Lender:

To Contractor:

11. The provisions of this Agreement cannot be waived, modified or amended unless such waiver, modification or amendment is in writing and is executed on behalf of each of Lender and Contractor.

12. No work of any kind, including the destruction or removal of any existing improvements, site work, clearing, grubbing, draining or fencing of the Property, has been commenced or performed on the Property and no equipment or materials have been delivered to the Property for any purpose whatsoever.

13. Neither the Contract, nor any memorandum or affidavit thereof, has been recorded by or on behalf of Contractor in the county where the Property is located or in any other county. No affidavit of commencement of construction of any improvements, performance of labor, furnishing of materials, or providing of specially fabricated materials in connection with the construction contemplated by the Contract has been executed or filed by Contractor in the county where the Property is located or in any other county. Contractor will, however, join in the execution of such an affidavit once such work has commenced in form and substance satisfactory to Lender.

14. Contractor will address to Lender, naming Lender as an additional named party or beneficiary, all certificates, statements, or representatives regarding the completion of the project or any portion thereof.

By:_____
Name:_____
Title:_____
"CONTRACTOR"

E X H I B I T H

Schedule of Values & Clarifications

Project: NMAC

DESCRIPTION	TS BYRNE
I. SITE & OFFICE BUILDING	
Earthwork	$ 118,000
Site Utilities	261,620
Site Specialties	15,442
Landscaping & Irrigation Allowance	450,000
Concrete Paving & Markings	w/concrete
Sidewalks	w/concrete
Building Concrete/Foundation	3,096,394
Masonry	NIC
EIFS	16,190
Structural & Misc. Steel	2,025,000
Rough/Finish Carpentry/Millwork	29,528
Roofing	272,951
Water-proofing, damp-proofing, caulking	46,510
Fireproofing	216,929
Doors, Frames & Hardware	237,423
Windows/Glass/Glazing	1,180,450
Drywall Partitions and Ceilings	1,107,100
Flooring - Tile, Marble, VCT, Carpet, etc.	1,001,644
Painting	350,200
Miscellaneous Specialties and Accessories	88,257
Window Blinds Allowance	110,000
Special Construction - Kitchen/Dining Allowance	1,350,000
Walkway Allowance	60,000
Elevators	251,000
Elevators - Cabs - Finish Allowance	60,000
HVAC & Plumbing	3,114,722
Fire Protection	249,500
Electrical	3,207,385
Site Lighting	w/electrical
Voice & Data Allowance	1,330,000
Duel Feed Allowance	350,000

Project Signage Allowance	50,000
Flag Pole Allowance	5,600
Miscellaneous	692,800
Subtotal Construction Costs	$ 21,344,645
General Conditions	809,420
Builder's Risk & Liability Insurance	99,143
Other - Define	0
Permits	60,901
Contingency	500,000
Contractor's Fee	722,108
Payment and Performance Bond	171,853
Subtotal Fees, Gen.Cndtns., Ins. Bond, Etc.	$ 2,363,425
Accepted Alternates:	
Two (2) Year Warranty	77,858
20 Year Roof (Single Ply) Warranty	19,432
Subtotal Alternates	$ 97,290
HKS Fees & Reimbursables	$ 1,520,657
T O T A L	$ 25,326,017
Project Schedule - Total Calendar Days/Mo.	380/12.5
Project Schedule - Includes Weather Days	30

EXHIBIT H

Thos. S. Byrne, Inc.

Nissan Motor Acceptance Corporation
Irving, Texas

Division 1 - General Requirements

a) Excludes city utility impact fees and/or roadway impact fees. Permit and meter fees are included as an allowance in the amount of $60,901.
b) Addendums acknowledge include the following:
   . Addendum #1 dated May 11, 2001
   . Addendum #2 dated May 16, 2001
c) Excludes laboratory testing including but not limited to soils, concrete, steel, compression and field control (provided by owner).

Division 2 - Sitework/Utilities

a) Building pad construction for base bid is based on stripping the building pad area free of vegetation and excavating 24" in depth to prepare crawl space for suspended slab.
b) Site and paving areas will be stripped of vegetation and cut/filled to drain and compacted to 95% density.
c) Concrete paving is based on 5" concrete, 3000 psi, reinforced w/No. 3 rebar at 18 o.c. over 95% compacted subgrade, unstabilized. Fire lanes are based on 5" concrete, 3500 psi, reinforced w/No. 3 rebar at 18 o.c. over 95% compacted subgrade, unstabilized. Fire lane limits are drives east from Freeport Pkwy, north along the north/south drive, west along the north side of the training building and north to Regent Blvd.
d) Curb is based on a 6" concrete integral curb.
e) Storm drainage is based on the parking area sloped to sheet drain to perimeter curb inlets with RCP pipe to direct water underground to existing city storm sewer system. Roof drains will run down the interior side of the panels and underground to a lateral storm drain system.
f) Site Utilities are based on the following:

WATER

. 8" Water Service 1300 lf
. 8" Fire line to building 80 lf
. 6" Fire hydrant lead 80 lf
. (1) 8" double detector check
. (4) ea. fire hydrants
. 4" domestic water line 80 lf
. (1) 2" irrigation meter

SANITARY SEWER

. 8" sanitary sewer service 330 1f
. Tie-in to existing manhole (up to 10' deep).
. (2) ea. Cleanouts
. (1) ea. Double cleanout

STORM SEWER

. 48" RCP 90 1f
. 42" RCP 130 1f
. 30" RCP 384 1f
. 24" RCP 732 1f
. 18" RCP 710 1f
. (11) ea. 10' curb inlets
. (4) ea. 2' x 2' grate inlets
. 15" HDPE pipe 150 1f.
. 12" HDPE pipe 210 1f.
. 10" HDPE pipe 275 1f.
. 8" HDPE pipe 312 1f.
. 6" HDPE pipe 350 1f.

Utility inspection fees are included.
City maintenance bond is included.

g) Earthwork is based on the following:
. a balance site.
. no import or select fill (base bid).
. excludes lime stabilization.
. 2' crawl space.

Division 3 - Concrete:

a) Base bid includes an elevated slab over structural steel and metal deck.
b) A 2" unreinforced mud slab is included for crawl space.
c) Tiltwall panels are based on formed and poured on casting beds and not on the slab over metal deck.
d) Tiltwall panels are based on being braced from the outside perimeter of

building with a continuous grade beam to be abandoned in place.

e) 3000 psi concrete for all foundation concrete and mud slab.
f) 4000 psi for tiltwall panel construction.
g) 3500 psi for fire lanes.
h) 3000 psi for elevated slabs and paving.
i) 3000 psi lightweight on first floor slab only.
j) 4" concrete with 2" deck is assumed at the roof mechanical screen area as shown on the architectural site plan.

k) Drilled Piers are based on the following

- (12) ea. 30" diameter piers 28' deep with 11' of rock penetration.
- (136) ea. 30" diameter piers 28' deep with 5' of rock penetration.
- (69) ea. 30" diameter piers 28' deep with 24' of rock penetration.
- (66) ea. 18" diameter piers 28' deep with 4' of rock penetration.

Drilled piers are based on an estimated depth of 28' with referenced penetration. Lesser/Greater depth of piers can be added/deducted per the following:

. 18" Piers/lf.	Add $28.40	Deduct $6.00	Casing Add $17.00
. 30" Piers/lf.	Add $69.30	Deduct $13.00	Casing Add $22.00

Note: Casing of piers is included in the base bid. If lesser depth of piers is encountered credits for casing will be provided on a per pier basis by the drilling contractor.

Division 4 - Masonry (NIC)

Division 5 - Metals

a) Steel tonnage is based on 1112 tons.

Division 7 - Thermal and Moisture Protection

a) Paving control joints sealed with hot pour sealant.
b) Tiltwall panel joints are assumed to be caulked both sides.
c) Building slab joints are assumed not to be caulked.
d) Waterproofing is based on liquid membrane at mechanical rooms only.

Division 8 - Doors and Windows

a) Wood doors are assumed to be prefinished.
b) Door frames at interior office and tenant office areas (excluding core, mechanical, electrical and maintenance rooms) are based on prefinished aluminum knockdown frames. Side lights are included only at offices, conference rooms and departmental suites.

Division 9 - Finishes

a) Zolotone finishes are based on $50.00 per gallon with 1 base color and 3 suspended colors.
b) Exterior tiltwall paint is based on one (1) color and a medium texture. Exterior paint is assumed to be an elastomeric with 1 prime coat and 1 finish coat.
c) Typical ceiling heights are based on 10' a.f.f. and bathroom ceiling 8'6" a.f.f.
d) Tackable substrate is based on 1/4" cork with field applied fabric wallcovering.

e) The Armour Coat allowance includes all labor materials and equipment to perform the Armour Coat finishes.
f) Finish systems for 4, 6, 9, 10, 18, 21, 23, 25, 26 and 27 are per the following:
   - System #4 - wet walls and returns are tile, all other walls VWC.
   - System #6 - ceramic tile on walls behind the serving counter, all others gyp board.
   - System #7 - assumes 1 back wall with acoustical panels and 1 long wall of the private dining room with acoustical fabric panels. All others VWC.
   - System #9 - assume 1 long wall as tackable and all others painted gyp.
   - System #10 - All walls painted, aromourcoat deleted.
   - System #18 - Assume acrovyn panels to 36" a.f.f. and paint above to ceiling. Bumper guard at top of base and at 36".
   - System #21 - Assume 2 wet walls with acrovyn wainscot and paint above.
   - System #23 & 27 - Tile on wet walls and return walls, all other walls VWC.
   - System #25 & 26 - Assume 1 long wall mirrored and other walls painted.

Division 15 - Mechanical

a) Fire dampers are assumed at electrical rooms and floor penetrations.
b) Includes a fire pump with automatic transfer switch for fire protection system.
c) Sprinkler heads do not include centering in ceiling tile.
d) Sprinkler pipe is based on screwed, schedule 10 pipe.

Division 16 - Electrical

a) Computer center excludes any special power requirements and special requirements for PDU's.

EXHIBIT 10.100

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY FOR THE

INGRAM MICRO DISTRIBUTION FACILITY

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

THIS AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY (the "Agreement"), is made and entered into as of the 7/th/ day of September, 2001, by and between INGRAM MICRO L.P., a Tennessee limited partnership ("Seller") and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Purchaser").

W I T N E S S E T H:
- - - - - - - - - -

WHEREAS, Seller and the Industrial Development Board of the City of Millington, Tennessee (hereinafter, "Issuer" or "Board") are parties to that certain transaction wherein Issuer issued and sold to Lease Plan North America, Inc. (hereinafter "Lessee") its Industrial Development Revenue Note (Ingram Micro L.P.) Series 1995 (hereinafter the "Bond"), which Bond is secured by a Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases, dated as of December 20, 1995, recorded as Instrument FN 4355 in the Register's Office of Shelby County, Tennessee (hereinafter the "Deed of Trust") from Issuer for the benefit of Lessee; and

WHEREAS, Issuer is authorized under Sections 7-53-101 to 7-53-311, inclusive, Tennessee Code Annotated, as amended (hereinafter the "Act") to acquire, own and lease property for the public purpose of promoting industry and developing trade by inducing manufacturing and commercial enterprises to locate or remain in the State of Tennessee; and

WHEREAS, Issuer is the fee simple owner of certain parcels of land and improvements in the City of Millington, Shelby County, Tennessee, as more specifically described in Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, the proceeds of the Bond were used to finance the construction of improvements on the Property; and

WHEREAS, Issuer ground leased the Property to Lessee under the terms of a Bond Real Property Lease, dated as of December 20, 1995, and recorded as Instrument No. 4357, aforesaid records (the "Bond Lease") under which Lessee acquired a leasehold interest in the Property; and

WHEREAS, Seller, as construction agent and using funds from Lessee, built a warehouse and office facility on the Property; and

WHEREAS, Lessee subleased the Property to Seller pursuant to the terms of a Master Lease, dated as of December 20, 1995 (the "Master Lease"), which Master Lease was structured as a "synthetic lease" in which Seller was entitled to claim and retain all of the available tax benefits associated with ownership of the Property; and

WHEREAS, Lessee assigned to Seller its leasehold interest in the Property, along with other rights, title and interest existing under the Bond Lease, including all of Lessee's rights, title and interest as tenant under the Bond Lease, pursuant to the terms of the Absolute Assignment of Lease and Assumption Agreement, dated as of December 20, 2000, and recorded as Instrument No. KV 3970, aforesaid records; and

WHEREAS, Seller became the owner of the Bond and Deed of Trust pursuant to the terms of an Absolute Assignment of Note and Deed of Trust, dated as of

December 20, 2000, and recorded as Instrument No. KV 3969, aforesaid records; and

WHEREAS, Seller wishes to assign its right, title and interest in the Bond Lease, Bond and the Deed of Trust to Purchaser under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the premises, the mutual agreements contained herein, the sum of Ten Dollars ($10.00) in hand paid by Purchaser to Seller at and before the sealing and delivery of these presents and for other good and valuable consideration, the receipt, adequacy, and sufficiency which are hereby expressly acknowledged by the parties hereto, the parties hereto do hereby covenant and agree as follows:

1. Assignment of Bond Lease. Subject to and in accordance with the terms and provisions of this Agreement, Seller hereby agrees to assign, transfer and set over to Purchaser its leasehold interest in and to the Property and all of Seller's right title and interest as tenant under the Bond Lease, together with all credits, deposits, rights of refusal and options (including, but not limited to, any options to purchase or renew set forth in the Bond Lease).

2. Assignment of Bond and Deed of Trust. Subject to and in accordance with the terms and provisions of this Agreement, Seller hereby agrees to assign, transfer and set over to Purchaser all of Seller's right , title and interest in the Bond and Deed of Trust.

3. Ancillary Property. The leasehold interest in the Property shall include the following:

(a) All of that tract or parcel of land (the "Land") located in Shelby County, Tennessee, containing approximately 39.223 acres, having an address of 3820 Micro Drive, Millington, Tennessee, and being more particularly described on Exhibit "A" hereto; and

(b) All of the rights, privileges, and easements appurtenant to the Land, including all water rights, mineral rights, reversions, or other appurtenances to said Land, and all right, title, and interest of Seller, if any, in and to any land lying in the bed of any street, road, alley, or right-of-way, open or proposed, adjacent to or abutting the Land; and

(c) All buildings, structures, and improvements situated on the Land, including, without limitation, that certain office/warehouse building containing approximately 701,819 square feet of leasable space, the parking areas containing approximately 692 parking spaces and other amenities located on the Land, and all apparatus, built-in appliances, equipment, pumps, machinery, plumbing, heating, air conditioning, electrical and other fixtures located on the Land (all of which are herein collectively referred to as the "Improvements"); and

(d) All personal property, if any, owned or leased by Seller and used in connection with the ownership and operation of the Property (the "Personal Property") as distinguished from personal property owned or leased by Seller and used in connection with its

occupancy of the Property as a tenant.

4. Earnest Money. Within two (2) business days after the full execution of this Agreement, Purchaser shall deliver to Fidelity National Title Insurance Company ("Escrow Agent"), whose offices are at 1300 Dove Street, Suite 310, Newport Beach, California 92660, Purchaser's check, payable to Escrow Agent, in

the amount of $250,000.00 (the "Earnest Money"), which Earnest Money shall be held and disbursed by Escrow Agent, Escrow No. 619849, in accordance with this Agreement. The Earnest Money shall be paid by Escrow Agent to Seller at Closing (as hereinafter defined) and shall be applied as a credit to the Purchase Price (as hereinafter defined), or shall otherwise be paid to Seller or refunded to Purchaser in accordance with the terms of this Agreement. All interest and other income from time to time earned on the Earnest Money shall belong to Purchaser and shall be disbursed to Purchaser at any time or from time to time as Purchaser shall direct Escrow Agent. In no event shall any such interest or other income be deemed a part of the Earnest Money.

5. Purchase Price. Subject to adjustment and credits as otherwise specified in this Agreement, the purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the transactions contemplated herein shall be TWENTY-ONE MILLION FIFTY THOUSAND AND 00/100 DOLLARS ($21,050,000.00), of which the sum of One Dollar shall be allocated to the Bond and Deed of Trust, and the balance allocated to the leasehold interest in the Property and the Bond Lease. The Purchase Price shall be paid by Purchaser to Seller at the Closing (as hereinafter defined) by cashier's check or by wire transfer of immediately available federal funds, less the amount of Earnest Money and subject to prorations, adjustments and credits as otherwise specified in this Agreement.

6. Purchaser's Inspection and Review Rights. Purchaser and its agents, engineers, or representatives, with Seller's reasonable, good faith cooperation, shall have the privilege of going upon the Property as needed to inspect, examine, test, and survey the Property at all reasonable times and from time to time. Purchaser hereby agrees to hold Seller harmless from any liens, claims, liabilities, and damages incurred through the exercise of such privilege, and Purchaser further agrees to repair any damage to the Property caused by the exercise of such privilege. At all reasonable times prior to the Closing (as hereinafter defined), Seller shall make available to Purchaser, or Purchaser's agents and representatives, for review and copying, all books, records, and files in Seller's possession relating to the ownership and operation of the Property, including, without limitation, title matters, surveys, tenant files, service and maintenance agreements, and other contracts, books, records, operating statements, and other information relating to the Property. Seller further agrees to in good faith assist and cooperate with Purchaser in coming to a thorough understanding of the books, records, and files relating to the Property. Seller further agrees to provide to Purchaser prior to the date which is five (5) days after the effective date of this Agreement the most current surveys of the Land and Improvements and any title insurance policies, appraisals, certificates of occupancy, zoning letters, building inspection reports and environmental reports relating thereto and in the possession or under the control of Seller.

7. Inspection Period. Purchaser shall have thirty (30) days from the mutual execution of this Agreement (the "Inspection Period") to make investigations, examinations, inspections,

market studies, feasibility studies, lease reviews, and tests relating to the Property and the operation thereof in order to determine, in Purchaser's sole opinion and discretion, the suitability of the Property for acquisition by Purchaser. Purchaser shall have the right to terminate this Agreement at any time prior to the expiration of the Inspection Period by giving written notice to Seller of such election to terminate.

8. Special Condition of Closing. As a condition to closing the transaction contemplated herein, the consent of the Board of Issuer is required to ensure compliance with the Act. Seller and Purchaser hereby agree to cooperate with each other in submitting all the necessary documents in a timely manner for Board approval.

9. General Conditions Precedent to Purchaser's Obligations Regarding the Closing. In addition to the other conditions to Purchaser's obligations set forth in this Agreement, the obligations and liabilities of Purchaser hereunder shall in all respects be conditioned upon the satisfaction of each of the following conditions, any of which may be waived by written notice from Purchaser to Seller:

(a) Seller shall have complied in all material respects with and otherwise performed in all material respects each of the covenants and obligations of Seller set forth in this Agreement, as of the date of Closing (as hereinafter defined).

(b) All representations and warranties of Seller as set forth in this Agreement shall be true and correct in all material respects as of the date of Closing.

(c) There shall have been no adverse change to the title to the Property which has not been cured and the Title Company (as hereinafter defined) shall have issued the Title Commitment (as hereinafter defined) on the Land and Improvements without exceptions other than as described in paragraph 10 and the Title Company shall be prepared to issue to Purchaser upon the Closing a leasehold owner's title insurance policy on the Land and Improvements pursuant to such Title Commitment.

(d) Purchaser shall have executed and delivered the Indenture of Lease (the "Ingram Lease") and Ingram Micro Inc., a Delaware corporation, shall have executed and delivered the Guaranty all in the form attached hereto as Exhibit B.

(e) Purchaser shall have received an appraisal confirming that the value of the Property is equal to or greater than the Purchase Price.

(f) Purchaser shall have received the Estoppel Certificate referred to in Paragraph 12(c) hereof, duly executed by the Board at least five (5) days prior to the end of the Inspection Period.

(g) Purchaser shall have received the Certificate referred to in Paragraph 12(d) hereof, duly executed by the Board at least five (5) days prior to the end of the Inspection Period.

10. Title and Survey. Seller covenants and agrees that Seller, at its sole cost and expense, shall, on or before five (5) days after the Effective Date of this Agreement, cause Fidelity National Title Insurance Company (herein referred to as the "Title Company"), to deliver to Purchaser its commitment (herein referred to as the "Title Commitment") to issue to Purchaser, upon the recording of the Absolute Assignment of Lease and Assumption Agreement, the payment of the Purchase Price, and the payment to the Title Company of the policy premium therefor, a leasehold owner's policy of title insurance, in the amount of the Purchase Price, insuring good and marketable fee simple record title to the Property to be in Purchaser subject only to the Permitted Exceptions (as hereinafter defined), with affirmative coverage over any mechanic's, materialman's and subcontractor's liens and with full extended coverage over all general exceptions, and containing the following endorsements: zoning, covenants, survey, contiguity and access. Such Title Commitment shall not contain any exception for rights of parties in possession other than an exception for the right of Seller, as tenant under the Lease. If the Title Commitment shall contain an exception for the state of facts which would be disclosed by a survey of the Property or an "area and boundaries" exception, the Title Commitment shall provide that such exception will be deleted upon the presentation of an ALTA/ASCM survey acceptable to Title Company, in which case

the Title Commitment shall be amended to contain an exception only for the matters shown on the as-built survey which Seller shall obtain at its sole cost and expense for the benefit of Purchaser. Said survey shall include a certification that the Property is zoned in a classification which will permit the operating of the Property as a general office/distribution warehouse and any conditions to the granting of such zoning have been satisfied. Seller shall also cause to be delivered to Purchaser together with such Title Commitment, legible copies of all documents and instruments referred to therein. Purchaser, upon receipt of the Title Commitment and the copies of the documents and instruments referred to therein, shall then have twenty (20) days during which to examine the same, after which Purchaser shall notify Seller of any defects or objections affecting the marketability of the title to the Property. Seller shall then have until the Closing to cure such defects and objections and shall, in good faith, exercise reasonable diligence to cure such defects and objections, and shall in all events pay or cause to be paid any monetary liens against the Property which were incurred by, through or under Seller. Other than said monetary liens, any defects or obligations not objected to by Purchaser shall be deemed Permitted Exceptions.

11. Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Purchaser, each of which shall be deemed material:

(a) Bond Documents. Seller has delivered to Purchaser a true, correct and complete copy of the Bond Lease, Bond, Deed of Trust and all amendments thereto. Seller has not received any notice of termination or default under the Bond Lease and to the best of Seller's knowledge, there are no existing or uncured defaults by any party to the Bond Lease. Seller owns unencumbered legal and beneficial title to the Bond and Deed of Trust. The Master Lease has expired by its terms and is no longer in force and effect.

(b) No Other Agreements. Other than as listed on Schedule 11(b), there are no leases, service contracts, management agreements, or other agreements or instruments in force and effect, oral or written, to which Seller is a party and that grant to any person whomsoever or

any entity whatsoever any right, title, interest or benefit in or to all or any part of the Property or any rights relating to the use, operation, management, maintenance, or repair of all or any part of the Property.

(c) No Litigation. There are no actions, suits, or proceedings pending, or, to the best of Seller's knowledge, threatened by any organization, person, individual, or governmental agency against Seller with respect to the Property or against the Property, nor does Seller know of any basis for such action.

(d) Condemnation. No condemnation or other taking by eminent domain of the Property or any portion thereof has been instituted and, to the best of Seller's knowledge, there are no pending or threatened condemnation or eminent domain proceedings (or proceedings in the nature or in lieu thereof) affecting the Property or any portion thereof or its use.

(e) Proceedings Affecting Access. There are no pending or, to the best of Seller's knowledge, threatened proceedings that could have the effect of impairing or restricting access between the Property and adjacent public roads.

(f) No Assessments. To the best of Seller's knowledge, no assessments have been made against the Property that are unpaid, whether or not they have

become liens.

(g) Condition of Improvements. Seller is not aware of any structural or other defects, in the Improvements. The heating, ventilating, air conditioning, electrical, plumbing, water, elevator(s), roofing, storm drainage and sanitary sewer systems at or servicing the Land and Improvements are, to the best of the Seller's knowledge, in good condition and working order and Seller is not aware of any defects or deficiencies, latent or otherwise, therein. The Improvements have been constructed in compliance with the Bond Lease and applicable provisions of the City of Millington building regulations, and any recorded covenants, conditions and restrictions.

(h) Certificates. To the best of Seller's knowledge, there are presently in effect permanent certificates of occupancy, licenses, and permits as may be required for the Property, and the present use and occupation of the Property is in compliance and conformity with the certificates of occupancy and all licenses and permits. There has been no notice or request of any municipal department, insurance company or board of fire underwriters (or organization exercising functions similar thereto), or mortgagee directed to Seller and requesting the performance of any work or alteration to the Property which has not been complied with.

(i) Violations. To the best of Seller's knowledge, there are no violations of law, municipal or county ordinances, or other legal requirements with respect to the Property, and the Improvements thereon comply with all applicable legal requirements with respect to the use, occupancy, and construction thereof. The Property is zoned in a classification which permits the use thereof in the present manner. The Property is not located in a flood hazard area.

(j) Utilities. All utilities necessary for the use of the Property as an office

building of the size and nature situated thereon and required to be furnished pursuant to the Lease, including water, sanitary sewer, storm sewer, electricity, and telephone, are installed and operational, and such utilities either enter the Property through adjoining public streets, or, if they pass through adjoining private land, do so in accordance with valid public easements or private easements which inure to the benefit of the Property.

(k) Tax Returns. All property tax returns required be filed by Seller relating to the Property under any law, ordinance, rule, regulation, order, or requirement of any governmental authority have been, or will be, as the case may be, truthfully, correctly, and timely filed.

(l) Bankruptcy. Seller is "solvent" as said term is defined by bankruptcy law and has not made a general assignment for the benefit of creditors nor been adjudicated a bankrupt or insolvent, nor has a receiver, liquidator, or trustee for any of Seller's properties (including the Property) been appointed or a petition filed by or against Seller for bankruptcy, reorganization, or arrangement pursuant to the Federal Bankruptcy Act or any similar Federal or state statute, or any proceeding instituted for the dissolution or liquidation of Seller.

(m) Pre-existing Right to Acquire. No person or entity has any right or option to acquire the Property or any portion thereof which will have any force or effect after the execution of this Agreement, other than Purchaser.

(n) Effect of Certification. To the best of Seller's knowledge and subject to approval of the Board, neither this Agreement nor the transactions contemplated herein will constitute a breach or violation of, or default under, or will be modified, restricted, or precluded by the Bond Lease, Deed of Trust or Permitted Exceptions.

(o) Authorization. Seller is a duly organized and validly existing limited partnership under the laws of the State of Tennessee, and is qualified to do business in the State of Tennessee. This Agreement has been duly authorized and executed on behalf of Seller and constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms, and all necessary action on the part of Seller to authorize the transactions herein contemplated has been taken, and no further action is necessary for such purpose.

(p) Seller Not a Foreign Person. 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.

At Closing, Seller shall represent and warrant to Purchaser that all representations and warranties of Seller in this Agreement remain true and correct as of the date of the Closing, except for any changes in any such representations or warranties that occur and are disclosed by Seller to Purchaser expressly and in writing at any time and from time to time prior to Closing upon their occurrence, which disclosures shall thereafter be updated by Seller to the date of Closing. Subject to the limitations set forth elsewhere in this Agreement, each and all of the express warranties, covenants, and indemnifications made and given by Seller to Purchaser herein shall survive the

execution and delivery of the closing documents by Seller to Purchaser. If there is any change in any representations or warranties, Seller shall cure or correct such changes prior to Closing or post security acceptable to Title Company pending resolution of such cure or correction. Any reference in this Paragraph 11 to the "best of Seller's knowledge" shall mean the actual knowledge of Paul H. LaPlante, Senior Vice President of Ingram Micro Inc., and/or Michael Saady, Managing Director of the Property, without any independent investigation or research.

12. Seller's Additional Covenants. Seller does hereby further covenant and agree as follows:

(a) Operation of Property. Seller hereby covenants that, from the date of this Agreement up to and including the date of Closing, Seller shall: (i) not negotiate with any third party respecting the sale of the Property or any interest therein, (ii) not grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Property, (iii) cause the Property to be operated, maintained, and repaired in the same manner as the Property is currently being operated, maintained, and repaired, and (iv) not modify or amend the Bond or Bond Deed of Trust or enter into any new lease, contract, or other agreement respecting the Property

(b) Insurance. From and after the date of this Agreement to the date and time of Closing, Seller shall, at its expense, continue to maintain the all risk fire and extended coverage insurance policy (including earthquake and business interruption insurance) covering the Property which is currently in force and effect.

(c) Estoppel Certificate. At least five (5) days prior to expiration

of the Inspection Period, Seller shall obtain and deliver to Purchaser a fully completed estoppel certificate with respect to the Bond Lease in substantially the form of Exhibit "C" (the "Estoppel Certificate"), duly executed by the Board. The Estoppel Certificate shall be executed as of a date not more than thirty (30) days prior to Closing.

(d) Board Certificate. At least five (5) days prior to expiration of the Inspection Period, Seller shall obtain and deliver to Purchaser a fully completed estoppel certificate with respect to the Bond in substantially the form of Exhibit "D" (the "Bond Certificate"), duly executed by the Board. The Bond Certificate shall be executed as of a date not more than thirty (30) days prior to Closing.

(e) Association Certificate. At least five (5) days prior to expiration of the Inspection Period, Seller shall obtain and deliver to Purchaser a fully completed estoppel certificate regarding any recorded covenants to which the Property is subject executed by the party having control over said covenants, if applicable, in substantially the form of Exhibit "E" (the "Association Certificate"). The Association Certificate shall be executed as of a date not more than thirty (30) days prior to Closing.

(f) Preservation of Bond Lease. Seller shall, from and after the date of this Agreement to the date of Closing, use its good faith efforts to perform and discharge

all of the duties and obligations and shall otherwise comply with every covenant and agreement of the lessee under the Bond Lease.

(g) As-Built Survey. Not less than five (5) days prior to the expiration of the Inspection Period, Seller shall deliver to Purchaser a new, "as built" survey of the Land and the Building (the "As-built Survey") dated not more than thirty (30) days prior to the Closing certified to Purchaser, Purchaser's lender, if any, and to the Title Company showing the boundaries and the legal description of the Land, which survey shall be made in compliance with the "Minimum Standard Detail Requirements for Land Title Surveys" established by the ALTA/ACSM for Urban Land title surveys, including all items on Table A thereof, except items 5, 12 and 14, and currently in effect. The As-built Survey shall disclose no encroachments or improvements from or upon adjoining properties, shall show the availability of all utility services at the perimeter of the Land, and shall otherwise be in form and content sufficient to enable the Title Company to issue its standard form of survey modification endorsement modifying the general exception for matters of survey. The costs of each survey delivered by Seller pursuant hereto shall be borne entirely by Seller.

13. Closing. Provided that all of the conditions set forth in this Agreement are theretofore fully satisfied or performed, it being fully understood and agreed, however, that Purchaser may expressly waive in writing, at or prior to Closing, any conditions that are unsatisfied or unperformed at such time, the consummation of the sale by Seller and purchase by Purchaser of the Property (herein referred to as the "Closing") shall be held at 2:00 p.m., local time, on or before the first business day which is not more than 10 days after the end of the Inspection Period, at the offices of Title Company, or at such earlier time as shall be designated by Purchaser in a written notice to Seller not less than two (2) business days prior to Closing. Notwithstanding the foregoing, Purchaser agrees to use commercially reasonable efforts to close the transactions contemplated hereby on or before September 28, 2001.

14. Seller's Closing Documents. For and in consideration of, and as a condition precedent to, Purchaser's delivery to Seller of the Purchase Price described in Paragraph 5 hereof, Seller shall obtain or execute, at Seller's expense, and deliver to Purchaser at Closing the following documents (all of which shall be duly executed, acknowledged, and notarized where required and shall survive the Closing):

(a) Absolute Assignment of Bond Lease and Assumption Agreement. An Absolute Assignment of Lease and Assumption Agreement in substantially the form of Exhibit "F-1";

(b) Absolute Assignment of Bond and Deed of Trust. An Absolute Assignment of Bond and Deed of Trust in the form and substance of Exhibit AF-2";

(c) Bill of Sale. A Bill of Sale conveying to Purchaser marketable title to the Personal Property, if any, in the form and substance of Exhibit "G";

(d) Blanket Transfer. A Blanket Transfer and Assignment in the form and

substance of Exhibit "H";

(e) Seller's Affidavit. A customary seller's affidavit in the form required by the Title Company to satisfy the requirements of its commitment and the endorsements contemplated by Paragraph 10 hereof;

(f) FIRPTA Certificate. A FIRPTA Certificate in such form as Purchaser shall reasonably approve;

(g) Certificates of Occupancy. The original Certificates of occupancy for all space within the Improvements;

(h) Marked Title Commitment. The Title Commitment, marked to change the effective date thereof through the date and time of recording the Absolute Assignment of Bond Lease and Assumption Agreement and Absolute Assignment of Bond and Deed of Trust from Seller to Purchaser, to reflect that Purchaser is vested with the leasehold title to the Land and the Improvements, and to reflect that all requirements for the issuance of the final title policy pursuant to such Title Commitment have been satisfied;

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

(j) The Lease. The Ingram Lease by and between Purchaser, as Landlord, and Seller, as Tenant; and

(k) Other Documents. Such other documents as shall be reasonably

required by Purchaser's counsel.

15. Purchaser's Closing Documents. Purchaser shall obtain or execute and deliver to Seller at Closing the following documents, all of which shall be duly executed and acknowledged where required and shall survive the Closing:

(a) The Lease. The Ingram Lease by and between Purchaser, as Landlord, and Seller as Tenant;

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

(c) Absolute Assignment of Bond Lease and Assumption Agreement. The Absolute Assignment of Lease and Assumption Agreement;

(d) Absolute Assignment of Bond and Deed of Trust. The Absolute Assignment of Bond and Deed of Trust; and

(e) Other Documents. Such other documents as shall be reasonably required by Seller's counsel.

16. Closing Costs. Seller shall pay the cost of the Title Commitment, including the cost of the examination of title to the Property made in connection therewith, the premium for leasehold policy of title insurance issued pursuant thereto, the cost of any transfer or documentary tax on the Absolute Assignment of Lease and Assumption Agreement and/or Absolute Assignment of Bond and Deed of Trust imposed by any jurisdiction in which the Property is located, the cost of the as-built survey, the attorneys' fees of Seller, and all other costs and expenses incurred by Seller in closing and consummating the purchase and sale of the Property pursuant hereto. Purchaser shall pay the attorneys' fees of Purchaser, and all other costs and expenses incurred by Purchaser in closing and consummating the purchase and sale of the Property pursuant hereto. Each party shall pay one-half of any escrow fees.

17. Prorations. The following items shall be prorated and/or credited between Seller and Purchaser as of Midnight preceding the date of Closing:

(a) Rents. Rents, additional rents, and other income of the Property (other than security deposits, which shall be assigned and paid over to Purchaser) collected by Seller for the month of Closing. Purchaser shall also receive a credit against the Purchase Price payable by Purchaser to Seller at Closing for any rents or other sums (not including security deposits) prepaid for any period following the month of Closing, or otherwise.

(b) Property Taxes. City, state, county, and school district ad valorem taxes based on the ad valorem tax bills for the Property, if then available, or if not, then on the basis of the latest available tax figures and information. Should such proration be based on such latest available tax figures and information and prove to be inaccurate upon receipt of the ad valorem tax bills for the Property for the year of Closing, either Seller or Purchaser, as the case may be, may demand at any time after Closing a payment from the other correcting such malapportionment. In addition, if after Closing there is an adjustment or reassessment by any governmental authority with respect to, or

affecting, any ad valorem taxes for the Property for the year of Closing or any prior year, any additional tax payment for the Property required to be paid with respect to the year of Closing shall be prorated between Purchaser and Seller and any such additional tax payment for the Property for any year prior to the year of Closing shall be paid by Seller. This provision shall expressly survive the Closing.

(c) Utility Charges. Seller shall pay all utility bills received prior to Closing and shall be responsible for utilities furnished to the Property prior to Closing. Purchaser shall be responsible for the payment of all bills for utilities furnished to the Property subsequent to the Closing. Seller and Purchaser hereby agree to prorate and pay their respective shares of all utility bills received subsequent to Closing, which agreement shall survive Closing.

18. Purchaser's Default. In the event of default by Purchaser under the terms of this Agreement, Seller's sole and exclusive remedy shall be to receive the Earnest Money as

liquidated damages and thereafter the parties hereto shall have no further rights or obligations hereunder whatsoever. It is hereby agreed that Seller's damages will be difficult to ascertain and that the Earnest Money constitutes a reasonable liquidation thereof and is intended not as a penalty, but as fully liquidated damages. Seller agrees that in the event of default by Purchaser, it shall not initiate any proceeding to recover damages from Purchaser, but shall limit its recovery to the retention of the Earnest Money.

Seller's Initial _____ Purchaser's Initials_____

19. Seller's Default. In the event of default by Seller under the terms of this Agreement, including, without limitation, the failure of Seller to cure any title defects or objections, except as otherwise specifically set forth herein, at Purchaser's option: (i) Purchaser shall have the right to terminate this Agreement by giving written notice of such termination to Seller, whereupon Escrow Agent shall promptly refund all Earnest Money to Purchaser, and Purchaser and Seller shall have no further rights, obligations, or liabilities hereunder, except as may be expressly provided to the contrary herein; or (ii) Purchaser shall have the right to accept title to the Property subject to such defects and objections with no reduction in the Purchase Price, in which event such defects and objections shall be deemed "Permitted Exceptions"; or (iii) Purchaser may elect to seek specific performance of this Agreement, provided that, except as provided in the next sentence, Seller shall not be required to expend more than $250,000 in connection with any such performance. Notwithstanding the foregoing, if any such defects or objections arose by, through, or under Seller or if any such defects or objections consist of taxes, mortgages, deeds of trust, deeds to secure debt, mechanic's or materialman's liens, or other such monetary encumbrances, Purchaser shall have the right to cure such defects or objections, in which event the proceeds due Seller at Closing shall be reduced by an amount equal to the costs and expenses incurred by Purchaser in connection with the curing of such defects or objections, and upon such curing, the Closing hereof shall proceed in accordance with the terms of this Agreement.

20. Condemnation. If, prior to the Closing, all or any part of the Property 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 Seller has received notice that any condemnation action or proceeding with respect to the Property is contemplated by a body having the power of eminent domain, Seller shall give Purchaser immediate written notice of such threatened or contemplated condemnation or of such taking or sale, and Purchaser may by written notice to Seller given within thirty (30) days of the receipt of such notice from Seller, elect to cancel this Agreement. If Purchaser chooses to cancel this Agreement in accordance with this Paragraph 20, then the

Earnest Money shall be returned immediately to Purchaser by Escrow Agent and the rights, duties, obligations, and liabilities of the parties hereunder shall immediately terminate and be of no further force and effect. If Purchaser does not elect to cancel this Agreement in accordance herewith, this Agreement shall remain in full force and effect and the sale of the Property 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, Seller shall assign, transfer, and set over to Purchaser all of the right, title, and interest of Seller in and to any awards

that have been or that may thereafter be made for such taking.

21. Damage or Destruction. If any of the Improvements shall be destroyed or damaged prior to the Closing, and the estimated cost of repair or replacement exceeds $250,000.00, Purchaser may, by written notice given to Seller within twenty (20) days after receipt of written notice from Seller of such damage or destruction, elect to terminate this Agreement, in which event the Earnest Money shall immediately be returned by Escrow Agent to Purchaser and except as expressly provided herein to the contrary, the rights, duties, obligations, and liabilities of all parties hereunder shall immediately terminate and be of no further force or effect. If Purchaser does not elect to terminate this Agreement pursuant to this Paragraph 21, or has no right to terminate this Agreement (because the damage or destruction does not exceed $250,000.00), and the sale of the Property is consummated, Purchaser shall be entitled to receive all insurance proceeds paid or payable to Seller by reason of such destruction or damage under the insurance required to be maintained by Seller (less amounts of insurance theretofore received and applied by Seller to restoration) plus the amount of any deductible. If the amount of said casualty or rent loss insurance proceeds is not settled by the date of Closing, Seller shall execute at Closing all proofs of loss, assignments of claim, and other similar instruments to ensure that Purchaser shall receive all of Seller's right, title, and interest in and under said insurance proceeds.

22. Hazardous Substances. Seller hereby warrants and represents, to the best of Seller's knowledge and except as disclosed in that certain Phase I Environmental Site Assessment, prepared by Pickering Environmental Consultants, Inc., dated November, 1995, that (i) no "hazardous substances", as that term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et. seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et. seq., and the rules and regulations promulgated pursuant to these acts, any so-called "super-fund" or "super-lien" laws or any applicable state or local laws, nor any other pollutants, toxic materials, or contaminants have been or shall prior to Closing be discharged, disbursed, released, stored, treated, generated, disposed of, or allowed to escape on the Property, (ii) no asbestos or asbestos containing materials have been installed, used, incorporated into, or disposed of on the Property, (iii) no polychlorinated biphenyls are located on or in the Property, in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device or form, (iv) no underground storage tanks are located on the Property or were located on the Property and subsequently removed or filled, (v) no investigation, administrative order, consent order and agreement, litigation, or settlement with respect to Hazardous Substances is proposed, threatened, anticipated or in existence with respect to the Property, and (vi) the Property has not previously been used as a landfill, cemetery, or as a dump for garbage or refuse. Seller hereby indemnifies Purchaser and holds Purchaser harmless from and against any loss, cost, damage, liability or expense due to or arising out of the breach of any representation or warranty contained in this Paragraph.

23. Assignment. Purchaser's rights and duties under this Agreement shall

not be assignable except to an affiliate of Purchaser without the consent of Seller, which consent shall not be unreasonably withheld.

24. Broker's Commission. Seller has by separate agreement agreed to pay a brokerage commission to Professional Real Estate Services, Inc. (the "Broker"). Purchaser and Seller hereby represent each to the other that they have not discussed this Agreement or the subject matter hereof with any real estate broker or agent other than Broker so as to create any legal right in any such broker or agent to claim a real estate commission with respect to the conveyance of the Property contemplated by this Agreement. Seller shall and does hereby indemnify and hold harmless Purchaser from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Seller, including any claim asserted by Brokers and any broker or agent claiming under Broker. Likewise, Purchaser shall and does hereby indemnify and hold harmless Seller from and against any claim, whether or not meritorious, for any real estate sales commission, finder's fees, or like compensation in connection with the sale contemplated hereby and arising out of any act or agreement of Purchaser, except any such claim asserted by Broker and any broker or agent claiming under Brokers. This Paragraph 24 shall survive the Closing or any termination of this Agreement.

25. 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, by hand, by facsimile or sent by U.S. registered or certified mail, return receipt requested, postage prepaid, to the addresses set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

PURCHASER: Wells Operating Partnership, L.P.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Attn: Mr. Michael C. Berndt
Phone: (770) 200-8275
Fax: (770) 200-8199

with a copy to: O'Callaghan & Stumm LLP
127 Peachtree Street, N. E., Suite 1330
Atlanta, Georgia 30303
Attn: William L. O'Callaghan, Esq.
Phone: (404) 522-2002
Fax: (404) 522-3080

SELLER: Ingram Micro Inc.
1600 East St. Andrews Place
Santa Ana, California 92799
Attn: Mr. Paul H. LaPlante
Phone: (714) 382-2968
Fax: (714) 384-1154

with a copy to: Ingram Micro Inc.
1600 East St. Andrews Place
Santa Ana, California 92799
Attn: James E. Anderson, Jr., General Counsel
Phone: (714) 382-2924
Fax: (714) 566-9370

Any notice or other communication mailed as hereinabove provided shall be deemed effectively given or received on the date of delivery, if delivered by hand, by

facsimile or by overnight courier, or otherwise on the third (3rd) business day following the postmark date of such notice or other communication.

26. Possession. Possession of the Property shall be granted by Seller to Purchaser at completion of the Closing, subject only to the Ingram Lease.

27. 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.

28. Survival of Provisions. All covenants, warranties, and agreements set forth in this Agreement shall survive the execution or delivery of any and all deeds and other documents at any time executed or delivered under, pursuant to, or by reason of this Agreement, and shall survive the payment of all monies made under, pursuant to, or by reason of this Agreement for a period of one year from Closing except with respect to paragraphs 22 and 24 which shall survive for an unlimited time.

29. 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.

30. Authorization. Purchaser represents to Seller that this Agreement has been duly authorized and executed on behalf of Purchaser and constitutes the valid and binding agreement of Purchaser, enforceable in accordance with its terms, and all necessary action on the part of Purchaser to authorize the transactions herein contemplated has been taken, and no further action is necessary for such purpose.

31. General Provisions. No failure of either 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 either 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 the parties hereto unless such amendment is in writing and executed by all parties hereto. 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 assigns. Time is of the essence of this Agreement. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same 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 and interpreted under the laws of the State of Tennessee. 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.

32. Effective Date. The "effective date" of this Agreement shall be deemed to be the date this Agreement is fully executed by both Purchaser and Seller and a fully executed original counterpart of this Agreement has been received by both Purchaser and Seller.

33. Duties as Escrow Agent. In performing its duties hereunder, Escrow Agent shall not incur any liability to anyone for any damages, losses or expenses, except for its gross negligence or willful misconduct, and it shall accordingly not incur any such liability with respect to any action taken or omitted in good faith upon advice of its counsel or in reliance upon any instrument, including any written notice or instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provision, but also as to the truth and accuracy of any information contained therein that Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by a proper person and to conform to the provisions of this Agreement. Seller and Purchaser hereby agree to indemnify and hold harmless Escrow Agent against any and all losses, claims, damages, liabilities and expenses, including reasonable costs of investigation and legal fees and disbursements, that may be imposed upon Escrow Agent or incurred by Escrow Agent in connection with its acceptance or performance of its duties hereunder as escrow agent, including without limitation, any litigation arising out of this Agreement. If any dispute shall arise between Seller and Purchaser sufficient in the discretion of Escrow Agent to justify its doing so, Escrow Agent shall be entitled to tender into the registry or custody of the clerk of the Court for the county in which the Property is located or the clerk for the United States District Court having jurisdiction over the county in which the Property is located, any or all money (less any sums required to pay Escrow Agent's attorneys' fees in filing such action), property or documents in its hands relating to this Agreement, together with such pleadings as it shall deem appropriate, and thereupon be discharged from all further duties under this Agreement. Seller and Purchaser shall bear all costs and expenses of any such legal proceedings.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective seals to be affixed hereunto as of the day, month and year first above written.

"SELLER":

INGRAM MICRO L.P.
By: Ingram Micro Inc., its general partner

By: /s/ Mr. Paul H. LaPlante

Its: President

"PURCHASER":

WELLS OPERATING PARTNERSHIP, L.P.
By: Wells Real Estate Investment Trust, Inc.,
Its general partner

By: /s/ Douglas P. Williams

Its: Douglas P. Williams
Executive Vice President

"ESCROW AGENT":

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By: /s/ Mickey Vandeberg

Its: Escrow Officer, on behalf of Valerie Vona

Schedule of Exhibits

Exhibit "A"	-	Description of Land
Exhibit "B"	-	Copy of Lease
Exhibit "C"	-	Estoppel Certificate
Exhibit "D"	-	Bond Certificate
Exhibit "E"	-	Association Certificate
Exhibit "F-1"	-	Absolute Assignment of Lease and Assumption Agreement
Exhibit "F-2"	-	Absolute Assignment of Bond and Deed of Trust
Exhibit "G"	-	Bill of Sale Form
Exhibit "H"	-	Blanket Transfer and Assignment Form
Schedule 11(b)	-	List of Leases, Contracts, Agreements, if any

EXHIBIT "A"

LEGAL DESCRIPTION

Lot 3, Resubdivision of the 109 acre tract owned by The Industrial Development Board of the City of Millington, Tennessee, as recorded in Plat Book 138, Page 41, in the Office of the Register of Shelby County, Tennessee. The parties agree to utilize the metes and bounds legal description to be shown on the survey contemplated by Section 12(g) of this Agreement in all closing documents.

EXHIBIT 10.101

INDENTURE OF LEASE AGREEMENT FOR

INGRAM MICRO DISTRIBUTION FACILITY

INDENTURE OF LEASE

BY AND BETWEEN

WELLS OPERATING PARTNERSHIP, L.P.,

LANDLORD

AND

INGRAM MICRO L.P.,

TENANT

DATED: September 7/th/, 2001

PREMISES: 3820 Micro Drive
Millington, Tennessee

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EXHBITS:

EXHIBIT A - FORM OF GUARANTY
EXHIBIT B - LEGAL DESCRIPTION
EXHIBIT C - ENVIRONMENTAL REPORTS AND MATERIALS STORED AT PREMISES

THIS INDENTURE OF LEASE (this "Lease") made as of this 7/th/day of September, 2001, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (hereinafter referred to as the "Landlord"), with offices located at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092 and INGRAM MICRO L.P. a Tennessee limited partnership (hereinafter referred to as the "Tenant"), with offices located at c/o Ingram Micro Inc., 1600 East St. Andrew Place, Santa Ana, California 92705.

W I T N E S S E T H:
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The parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant as follows:

ARTICLE I
Lease Provisions

1.	Address for the Premises	3820 Micro Drive Millington, Tennessee
2.	(a) Term:	The Initial Term of this Lease, and any Option Term.
	(b) Commencement Date:	September ____, 2001 (insert date of acquisition of Premises by Landlord)
	(c) Expiration Date:	The last day of the Initial term or any Option Term, unless sooner terminated pursuant to this Lease.
	(d) Initial Term:	Ten (10) years beginning on the Commencement Date and ending on the Expiration Date
	(e) Option Term:	Two (2) successive options to extend for ten (10) years each.
3.	Guarantor:	Ingram Micro Inc., a Delaware corporation under that Guaranty of Lease dated the date hereof and substantially in the form of Exhibit "A" attached hereto.
4.	Address for Notice:	6200 The Corners Parkway, Suite 250 Norcross, Georgia 30092 Attn: Vice President-Property Management
	(b) Tenant:	c/o Ingram Micro Inc. 1600 East St. Andrew Place Santa Ana, California 92705 Attention: Corporate Real Estate

ARTICLE II
Definitions

"Additional Rent" is defined in Section 5.2.

"Alterations" is defined in Section 8.4.

"Bond Documents" means the Bond, Deed of Trust, Ground Lease and all other instruments, documents and agreements executed and delivered in connection with the issuance of the Bond, all as more fully described in that certain Agreement for the Purchase and Sale of Property between the parties hereto, dated as of the date hereof.

"Buildings" means the buildings, equipment and improvements now or

hereinafter erected on the Land.

"Business day" is every day which most commercial banks based in California are open for the ordinary conduct of business.

"Claims" is defined in Section 11.3.

"Commencement Date" is set forth in Article I.

"Default Rate" means five percent (5%) over the prime reference rate announced from time to time by Bank of America, Atlanta, Georgia as such prime reference rate may be adjusted and announced from time to time, or if unavailable, the parties shall use the prime reference rate of any Georgia regional bank selected by Landlord, but in no event greater than the maximum legal rate.

"Environmental Laws" is defined in Section 31.10.

"Event of Default" is defined in Section 12.2.

"Expiration Date" is defined in Article I.

"Fixed Rent" is defined in party Section 5.1.

"Ground Lease" means, in respect to the Land and the Buildings, the Bond Real Property Lease, dated as of December 20, 1995, by and between Landlord, as ground lessee, and the Ground Lessor.

"Ground Lessor" means The Industrial Development Board of the City of Millington, Tennessee.

"Hazardous Substances" is defined in Section 31.11.

"Impositions" is defined in Section 6.1.

"Indemnified Parties" is defined in Section 11.3.

"Land" means that certain real property described on Exhibit "B" attached hereto and incorporated herein by this reference.

"Landlord" is defined in the introductory paragraph to this Lease.

"Lease" means this lease made between Landlord, as landlord, and Tenant, as tenant.

"Mortgage" is defined in Section 6.2.

"Mortgagee" is defined in Section 6.2.

"Non-Disturbance Agreement" is defined in Article XVIII.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, governmental authority or any other entity.

"Premises" means the Land and the Buildings.

"Profit" is defined in Article XVI.

"Rent" means the Fixed Rent and Additional Rent.

"Requirements of Law" means all Federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting the Property, the Improvements or the demolition, construction, use or alteration thereof, whether now or hereafter enacted and in force, including any that require repairs, modifications or

alterations in or to the property or in any way limit the use and enjoyment thereof (including all building, zoning and fire codes and the Americans with Disabilities Act of 1990, 42 U.S.C. (S) 1201 et.seq. and any other similar
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Federal, state or local laws or ordinances and the regulations promulgated thereunder) and any that may relate to environmental requirements (including all Environmental Laws), and all permits, certificates of occupancy, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments which are either of record or known to the Lessee affecting the Premises.

"Tenant" is defined in the introductory paragraph to this Lease.

"Term" is defined in Article I.

"Threshold Amount" is defined in Section 8.4.

"Work" is defined in Section 8.5.

ARTICLE III
Premises

Landlord hereby leases to Tenant and Tenant hereby takes from Landlord, all right, title and interest of Landlord in and to the Buildings located on the Land more particularly described

on Exhibit "B" attached hereto and made a part hereof, together with certain
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parking facilities, driveways and any other public or common facilities contained in or about the Premises, subject, however, to all of the terms, covenants, provisions and conditions herein set forth, and to all present liens, encumbrances, conditions, rights, easements, restrictions, rights-of-way, covenants, other matters of record, and zoning and laws, ordinances, regulations and codes affecting or governing the Buildings and other improvements located on the Land or which may hereafter affect or govern the Premises, and such matters as may be disclosed by inspection or survey.

ARTICLE IV
Term

Section 4.1 Initial Term. The Initial Term of this Lease shall be for ten
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(10) years, commencing as of the Commencement Date and terminating on the Termination Date.

Section 4.2 Lease Year. For purposes of this Lease, a "Lease Year" shall be
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deemed to be each consecutive period of twelve (12) full calendar months during the Term hereof, except that the first Lease Year shall, in addition, include the fractional portion of the month, if any, immediately following the Commencement Date, and that the last Lease Year shall run only from the day following the termination of the previous Lease Year to the termination date of the Lease.

Section 4.3 Title. The Premises is leased to Tenant without any
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representation or warranty of title, condition of the improvements or permitted uses, express or implied, by the Landlord and subject to the rights of parties in possession, the existing state of title (including, without limitation, the permitted exceptions), the terms of the Ground Lease and all applicable Requirements of Law. Tenant shall in no event have any recourse against Landlord for any defect in or exception to title to the Premises. Tenant expressly waives and releases Landlord from any common law or statutory covenant of quiet enjoyment.

ARTICLE V
Rent

Section 5.1 Fixed Rent. Starting on the Commencement Date and continuing for the Initial Term of this Lease, Tenant shall pay as Fixed Rent for the Premises as follows:

Year	Fixed Rent Per Year	Fixed Rent Per Month
1-5	$2,035,275.00	$169,606.25
6-10	$2,340,566.00	$195,047.17

All of the payments of Fixed Rent required hereunder shall be made without prior notice of demand therefore and without any deduction, abatement or set off for any reason whatsoever, except as set forth in this Lease.

Section 5.2 Additional Rent. Throughout the Initial Term, and any Option Term, Tenant shall also pay and discharge as additional rent (the "Additional Rent'') all other amounts, liabilities and obligations of whatsoever nature relating to the Premises (including all Impositions which Tenant shall pay directly in accordance with Section 6.1) arising under any easements,

restrictions, or other similar agreements affecting the Premises, insurance maintained by Landlord (including business interruption insurance), and all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts when due, and all damages, costs and expenses which Landlord may incur by reason of any default of Tenant or failure on Tenant's part to comply with the terms of this Lease, all of which Tenant hereby agrees to pay upon demand or as is otherwise provided herein. Upon any failure by Tenant to pay any of the Additional Rent, Landlord shall have all legal, equitable and contractual rights, powers and remedies provided either in this Lease or by statute or otherwise in the case of nonpayment of the Fixed Rent, subject to Landlord's obligation to give notice and opportunity to cure as provided in Article XII. The term Additional Rent shall be deemed rent for all purposes hereunder other than with respect to Tenant's internal accounting procedures.

Section 5.3 Payment Date. All Fixed Rent payable hereunder shall be payable when due in monthly installments on the first day of each calendar month, or, if the first day is not a Business day, then on the first Business day of the month paid by bank or company check in United States currency, which shall be legal tender for all debts, public and private, payable to Landlord and sent to Landlord's address set forth in Article I, or to such other person or persons or at such other place as may be designated by notice from Landlord to Tenant, from time to time. Notwithstanding the foregoing, Impositions shall be payable to the parties to whom they are due, except as otherwise provided herein.

Section 5.4 Net Lease. This Lease shall be deemed and construed to be a "Net, Net, Net Lease", and Tenant shall pay to Landlord, absolutely net throughout the Term, the Rent, free of any charges, taxes, assessments, impositions or deductions of any kind and without abatement, deduction or set-off whatsoever. Under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Landlord be expected or required to make any payment of any kind whatsoever or be under any other obligation or liability hereunder, except as herein otherwise expressly set forth. Tenant shall pay all costs, expenses and charges of every kind and nature relating to the Premises, except debt service

on any Mortgage or any other indebtedness of Landlord, which may arise or become due or payable prior to, during or after (but attributable to a period falling prior to or within) the Term. Except as specifically set forth herein, the obligations of Tenant hereunder shall not be affected by reason of any damage to or destruction of the Premises or any part thereof, any taking of the Premises or any part thereof or interest therein by condemnation or otherwise, any prohibition, limitation, restriction or prevention of Tenant's use, occupancy or enjoyment of the Premises or any part thereof, or any interference with such use, occupancy or enjoyment by any person or for any reason, any matter affecting title to the Premises, any eviction by paramount title or otherwise, the impossibility, impracticability or illegality of performance by Landlord, Tenant or both, any action of any governmental authority, Tenant's acquisition of ownership of all or part of the Premises (unless this Lease shall be terminated by a writing signed by Landlord, Tenant and any Mortgagee having an interest in the Premises), any breach of warranty or misrepresentation, or any other cause whether similar or dissimilar to the foregoing and whether or not Tenant shall have notice or knowledge thereof and whether or not such cause shall now be foreseeable. The parties intend that the obligations of Tenant under this Lease shall be separate and independent covenants and agreements and shall continue unaffected unless such obligations have been modified terminated pursuant to an express provision of this Lease or by mutual agreement of Landlord and Tenant.

Section 5.5 Late Fee. In the event Tenant fails to pay any Rent on or before the tenth (10th) day after it is due, Landlord shall be entitled to charge as Additional Rent a service fee

equal to five (5%) percent of such late payment of Rent plus interest at the Default Rate. The foregoing shall be in addition to any other right Landlord shall have by this Lease or by law in the event Tenant fails to pay its Rent in accordance with this Lease. The failure by Landlord to insist upon the strict performance by Tenant of Tenant's obligations to pay late charges shall not constitute a waiver by Landlord of its rights to enforce the provisions of this section in any instance thereafter occurring, nor shall acceptance of late charges be deemed to extend the time of payment of Rent.

ARTICLE VI
Impositions

Section 6.1. Impositions. Tenant shall pay and discharge as and when due, all taxes, assessments, water rents, sewer rents and charges, duties, impositions, license and permit fees, charges for public utilities of any kind, payments and other charges of every kind and nature whatsoever, ordinary or extraordinary, foreseen or unforeseen, general or special, in said categories, together with any interest or penalties imposed upon the late payment thereof, which, pursuant to past, present or future law, during, prior to or after (but attributable to a period falling prior to or within) the Term, shall have been or shall be levied, charged, assessed, imposed upon or grow or become due and payable out of or for or have become a lien on the Premises or any part thereof, any improvements or personal property in or on the Premises, this Lease, the Ground Lease, the Rent payable by Tenant or on account of any use of the Premises and such franchises as may be appurtenant to the use and occupation of the Premises (all of the foregoing being hereinafter referred to as "Impositions"). Tenant, upon request from Landlord, shall submit to Landlord the proper and sufficient receipts or other evidence of payment and discharge of the same. If any Impositions are not paid when due, Landlord shall have the right but shall not be obligated to pay the same following ten (10) days, written notice to Tenant, provided Tenant does not contest the same as herein provided. If Landlord shall make such payment, Landlord shall thereupon be entitled to repayment by Tenant on demand as Additional Rent hereunder.

Section 6.2. Right to Contest. Tenant shall have the right to protest and

contest any Impositions imposed against the Premises or any part thereof and be entitled to receive any credit or refund relating to the Term, provided (i) the same is done at Tenant's sole cost and expense, (ii) nonpayment will not subject the Premises or any part thereof to sale or other liability by reason of such nonpayment, (iii) such contest shall not subject Landlord or the holder (the "Mortgagee") of any mortgage or deed of trust (a "Mortgage") encumbering all or any part of the Premises to the risk of any criminal or civil liability, (iv) if such Imposition must be paid pursuant to any applicable statute, ordinance, regulation or rule as a condition to such protest and contest, Tenant shall timely pay such Imposition, and (v) Tenant shall provide copies of all notices and correspondence regarding Impositions and the contest thereof to Landlord. If such payment is not required by any applicable statute, ordinance, regulation or rule, Tenant shall provide such security as may reasonably be required by Landlord to ensure payment of such contested Imposition. Landlord agrees to execute and deliver to Tenant any and all documents reasonably required for such purpose and to cooperate with Tenant in every reasonable respect in such contest, but without any out-of-pocket cost or expense to Landlord. Landlord shall also have the right to protest and contest any Impositions.

Section 6.3 Payments in Installments. To the extent permitted by law, Tenant shall have the right to apply for the conversion of any Impositions to make the same payable in annual installments over a period of years, and upon such conversion Tenant shall pay and discharge said annual installments as they shall become due and payable. Tenant shall pay all such deferred

installments prior to the expiration or sooner termination of the Term, notwithstanding that such installments shall not then be due and payable; provided, however, that any Impositions (other than one converted by Tenant so as to be payable in annual installments as aforesaid) relating to a fiscal period of the taxing authority, a part of which is included in a period of time after the Expiration Date, shall (whether or not such Impositions shall be assessed, levied, confirmed, imposed or become payable, during the Term) be adjusted between Landlord and Tenant as of the Expiration Date, so that Landlord shall pay that portion of such Impositions which relate to that part of such fiscal period included in the period of time after the Expiration Date, and Tenant shall pay the remainder thereof.

Section 6.4. Taxes. If at any time during the Term, a tax or excise on Rents or other tax, however described, is levied or assessed with respect to the Rent or any part thereof (as opposed to any charges in the nature of those described in Section 6.5 below) or against Landlord as a substitute in whole or in part for any Impositions theretofore payable by Tenant, Tenant shall pay and discharge such tax or excise on Rents or other tax before it becomes delinquent, and the same shall be deemed to be an Imposition levied against the Premises.

Section 6.5. Excluded Taxes. Except as set forth in Section 6.4 above, Tenant shall not be obligated to pay any franchise, excise, corporate, estate, inheritance, succession, capital, levy or transfer tax of Landlord or any income, profits or revenue tax upon the income of Landlord.

Section 6.6 PILOT Agreement. Notwithstanding anything to the contrary contained herein, the Premises are currently under a Payment in Lieu of Tax Agreement, dated as of December 20, 1995 ("PILOT Agreement"), by and between Ground Lessor and Tenant, wherein Ground Lessor has granted financial incentives to Tenant, i.e., the Premises and the Equipment (as defined in the Ground Lease) are exempt from all taxation through the calendar year 2005, by or on behalf of the City of Millington and Shelby County for so long as title to the Premises is held by the Ground Lessor. Landlord hereby acknowledges the existence of said PILOT Agreement and agrees that, so long as Tenant is not in default under this Lease, it will not take any actions that will cause the PILOT Agreement and the Bond Documents to terminate or expire prior to the end of 2005. In the event

the PILOT Agreement is not honored due to reasons beyond the control of Landlord or the conduct of Landlord, Tenant agrees to pay any taxes which may be due and any tax which may be assessed against the Premises or on the value of the leasehold interest, including any such taxes which may be applicable to a period prior to the commencement of the Term hereof.

ARTICLE VII
Use

The Premises shall be used by Tenant for general office/distribution warehouse purposes in compliance with the Ground Lease, and any covenants, conditions and restrictions of record and in material compliance with any Requirements of Law; and provided that such uses do not increase the liability, directly or indirectly, of Landlord or adversely affect the value, utility or remaining useful life of the Premises in any material respect. At all times during the Term, the Premises shall be continuously used by Tenant or a permitted assignee or sublessee in the ordinary course of its business. Tenant shall pay, or cause to be paid, all charges and costs required in connection with the use of the Premises as contemplated by this Lease. Tenant shall not commit or permit any waste of the Premises or any part thereof.

ARTICLE VIII
Condition Of Premises, Alterations And Repairs

Section 8.1. "As Is" Condition. The parties acknowledge that Landlord purchased the leasehold interest to the Premises directly from Tenant. In connection with such purchase, Tenant and Landlord have entered into this Lease to enable Tenant to retain possession and use of the Premises subject to the terms and conditions hereof. In connection with Tenant's prior ownership and prior and continuing possession of the Premises, Tenant has examined the Premises, is familiar with the physical condition, expenses, operation and maintenance, zoning, status of title and use that may be made of the Premises and every other matter or thing affecting or related to the Premises, and is leasing the same in its "As Is" condition. Landlord has not made and does not make any representations or warranties whatsoever with respect to the Premises or otherwise with respect to this Lease. Tenant assumes all risks resulting from any defects (patent or latent) in the Premises or from any failure of the same to comply with any governmental law or regulation applicable to the Premises or the uses or purposes for which the same may be occupied.

Section 8.2. Maintenance and Repair. At Tenant's sole cost and expense, Tenant shall keep the Premises, including, without limitation, the adjoining sidewalks and curbs, if any, clean and in first class condition and repair, and Tenant shall make all repairs and replacements, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen, and shall perform all maintenance, necessary to maintain the Premises, including, without limitation, the roof, generators and all building systems, and any parking, sidewalks and curbs in good condition and repair, reasonable wear and tear excepted. When used in this Section 8.2, the term "repairs" shall include any necessary additions, alterations, improvements, replacements, renewals and substitutions. All repairs made by Tenant shall be equivalent in quality and class to the original work and shall be made in compliance with all Requirements of Law. Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations to the Premises, and Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises and all costs and expenses incidental thereto.

Section 8.3. No Cost to Landlord. Landlord shall not be responsible for the cost of any alterations of or repairs to the Premises of any nature whatsoever, structural or otherwise, whether or not now in the contemplation of the parties.

Section 8.4. Alterations. Tenant shall have the right at any time and from time to time during the Term to make, at its sole cost and expense, changes, alterations, additions or improvements (collectively, "Alterations") in or to the Premises, subject, however, in each case to all of the following:

(a) No Alteration shall be undertaken except after twenty (20) days prior notice to Landlord, provided that, notwithstanding any term or provision of this Lease to the contrary, no such notice shall be required with respect to (i) any nonstructural Alteration involving an estimated cost of less than the Threshold Amount (defined below), or (ii) any Alteration made by Tenant on an emergency basis, in which case Tenant shall notify Landlord of such emergency Alteration soon as practicable.

(b) No structural Alteration and no other Alteration involving an estimated cost of more than the Threshold Amount shall be made without the prior written consent of Landlord, which

consent shall not be unreasonably withheld, conditioned or delayed.

(c) Any Alteration shall, when completed, be of such a character as not to materially reduce the value of the Premises below its value immediately before such Alteration.

(d) No Alteration shall be made by Tenant if the same would materially reduce the cubic content of the Buildings or weaken, temporarily or permanently, the structure of the Buildings or any part thereof, or enable Tenant to conduct activity inconsistent with the limitations upon its use as stated in Article VII.

(e) The provisions and conditions of Section 8.5 shall apply to any work performed by Tenant under this Article.

(f) For purposes of Sections 8.4 and 8.5, the "Threshold Amount" shall mean an amount equal to $100,000. For purposes of determining Threshold Amount, an Alteration shall include any series of or related improvements whose cost, in the aggregate, equals or exceeds $100,000.

(g) For purposes of Sections 8.4 and 8.5, notice of whether Landlord' consent has been given or withheld shall be delivered to Tenant within ten (10) Business days following receipt of request (as such time period shall be extended for a reasonable period in the event Landlord determines, in its reasonable discretion, that it is prudent to engage a third party to review the plans and specifications, if any, pertaining to such contemplated Alteration, provided that Tenant is notified of such determination by Landlord within such ten (l0) Business day period) and, if no such notice is given to Tenant within such period of time, Landlord shall be deemed to have accepted and approved the items submitted by Tenant.

Section 8.5. Work at Premises. Tenant agrees that all Alterations, repairs and other work which Tenant shall be required or permitted to do under the provisions of this Lease (each hereinafter called the "Work") shall be (i) performed to substantially the same standard of quality as found in the original improvements, workmanlike manner, and in accordance with all Requirements, as well as any plans and specifications therefor which shall have been approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed (ii) commenced and completed promptly, and (iii) done in all cases upon and subject to the terms of any Non-Disturbance Agreement and, to the extent not inconsistent with any term thereof, all of the following terms and conditions:

(a) If the Work shall involve (i) any structural repair, Alterations or other Work, or (ii) more than the Threshold Amount, then the Work shall not be commenced until detailed plans and specifications (including layout, architectural, mechanical and structural drawings), prepared by a licensed

architect reasonably satisfactory to Landlord shall have been submitted to and approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

(b) All Work shall be commenced only after all required municipal and other governmental permits, authorizations and approvals shall have been obtained by Tenant, at its own cost and expense, and the originals thereof delivered to Landlord. Landlord will, on Tenant's written request, execute any documents necessary to be signed by Landlord to obtain any such permits, authorizations and approvals, provided that Tenant shall discharge any expense or liability of Landlord in connection therewith.

(c) The cost of all Work shall be paid promptly, so that the Premises and Tenant's leasehold estate therein shall at all times be free from (i) liens for labor or materials supplied or to have been supplied to the Premises or Tenant, and (ii) chattel Mortgage, conditional sales contracts, title retention agreements, security interests and agreements, and financing agreements and statements.

(d) At all times when any Work is in progress, Tenant shall maintain or cause to be maintained with such companies and for such periods as Landlord may require (i) Workmen's Compensation Insurance covering all persons employed in connection with the Work in an amount at least equal to the minimum amount of such insurance required by law; and (ii) for the mutual protection of Landlord, Tenant and any Mortgagee, (1) Builder's Risk Insurance, completed value form, covering all physical loss, in an amount reasonable satisfactory to Landlord, and (2) Commercial General Liability Insurance against all hazards, with limits for bodily injury or death to any one person, for bodily injury or death to any number of persons in respect of any one accident or occurrence, and for property damage in respect of one accident or occurrence in such amounts as Landlord may reasonably require. Such Commercial General Liability Insurance may be satisfied by the insurance required under Article IX or may be effected by an endorsement, if obtainable, upon the insurance policy referred to in said Section. The provisions and conditions of Article IX hereof shall apply to any insurance which Tenant shall be required to maintain or cause to be maintained under this subsection.

(e) Upon completion of any Work, Tenant, at Tenant's expense, shall obtain certificates of final approval of such Work required by any governmental or quasi-governmental authority and shall furnish Landlord with copies thereof, together with "as-built" plans and specifications for such Work (if the cost of such Work exceeds the Threshold Amount).

(f) The conditions of Section 8.4 shall have been complied with, to the extent applicable to the Work.

Section 8.7. Property of Landlord. All Alterations, repairs, and restoration completed or installed in or upon the Premises at any time during the Term (excluding Tenant's trade fixtures, equipment, inventory, furnishings and other personal property) shall become the property of Landlord and shall remain upon and be surrendered with the Premises provided that, if prior to the commencement of any Work, Landlord gives written notice to Tenant stating that Landlord will require such Alterations to be removed from the Premises prior to the Expiration Date or earlier termination of this Lease, the same shall be removed from the Premises by Tenant by the Expiration Date (or if this Lease is terminated earlier, then within sixty (60) days after the effective date of such termination) at Tenant's expense. All property permitted or required to be removed by Tenant at the end of the Term remaining in the Premises after Tenant's removal shall be deemed abandoned and may, at the election of Landlord, either be retained as Landlord's property or may be removed from the Premises by Landlord at Tenant's expense. Tenant shall be responsible for, and shall reimburse Landlord immediately after written demand therefor, any damage to the Premises caused by the removal or demolition of Tenant's fixtures, structures or other improvements which Tenant is required to remove pursuant to this Section

8.7 or which Tenant elects under the provisions of this Lease to remove. The provisions of this Section 8.7 shall survive the expiration or earlier termination of the Term.

ARTICLE IX
Insurance

(a) Tenant shall obtain, upon execution of this Lease, and keep in force at all times during the Term of this Lease, in the name of, and for the benefit of, Landlord, any Mortgagee of the Land, Buildings and Premises, and Tenant, as their interests may appear, a comprehensive public liability insurance policy, insuring against claim or liability for personal injury to or death of any persons and/or damage to property occurring in, on or about the Premises. Such policy shall provide for a combined limit of Five Million Dollars ($5,000,000) per occurrence for public liability or such higher amount as may be reasonably required by Landlord from time to time. Tenant also agrees to and shall save, hold and keep harmless and indemnify Landlord, and any Mortgagee of the Land, Buildings and Premises, from and for all payments, expenses, costs, attorney fees and from and for all claims and liability for losses or damage to property or injuries to persons occasioned wholly or in part by or resulting from any acts or omissions by Tenant or Tenant's agents, employees, guests, licensees, invitees, subtenants, assignees or successors, or for any cause or reason whatsoever arising out of or by reason of the occupancy by Tenant and the conduct of Tenant's business, except to the extent Landlord or such other party is reimbursed by insurance. Tenant agrees that all insurance procured by Tenant shall be primary and non-contributing.

(b) Tenant shall obtain, upon execution of this Lease, and keep in force at all times during the Term of this Lease and any extensions thereof, Worker's Compensation Insurance as required by law.

(c) Tenant agrees to deliver to Landlord, within ten (10) days after the execution and delivery of this Lease, and thereafter at least thirty (30) days prior to the expiration of any such policy, a certificate of insurance on all policies procured by Tenant in compliance with its obligations under this Article IX. Tenant also agrees to cooperate with Landlord and any Mortgagee of the Land, Buildings and Premises to provide all reasonable information pertaining to such policies. All of said policies of insurance, if any, shall name Landlord and any Mortgagee of the Land, Buildings and Premises, as insured, as their respective interests may appear. All such policies shall contain an endorsement stating that such insurance may not be cancelled or amended except upon not less than thirty (30) days' prior written notice to Landlord, or any managing agent of the Land, Buildings and Premises designated by Landlord and, if applicable, any Mortgagee of the Land, Buildings and Premises. Tenant shall, at Tenant's cost and expense, comply with all requests of the Tenant's insurance carrier(s) with respect to Tenant's obligations under this Article IX.

(d) Each of the parties shall use its best efforts to procure an appropriate clause in, or endorsement on, any fire or extended coverage or "all risk" insurance, or other insurance, required by this Lease, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery and, having obtained such clauses or endorsements of waiver of subrogation or consent to a waiver of right of recovery, will not make any claim against or seek to recover from the other for any loss or damage to persons, its property or the property of others resulting from fire or other hazards covered by such fire and extended coverage or "all risk" insurance, provided, however, that the release, discharge, exoneration and covenant not to sue herein contained shall be limited by, and be coextensive with, the terms and provisions of the waiver of subrogation clause or endorsements or clauses or endorsements consenting to a waiver or right of recovery.

(e) Each party hereby waives and releases any and all right of recovery

which it might otherwise have against the other party, and all liability and expense for all injury, loss or damage to its business, contents, furniture, furnishings, fixtures and other property , unless such injury, loss or damage resulted from the intentional acts of the other party in which case the party may exert any rights that it may have against the other party for said loss to the extent not covered by proceeds of any insurance policies carried by the party.

(f) All of the certificates shall be obtained by Tenant and delivered to Landlord on or prior to the date hereof, and thereafter as provided for herein, and shall be written by insurance companies (i) rated not less than A and a financial rating of not less than Class X as rated in the most current "Best's Insurance Guide" (or any substitute guide acceptable to Landlord), (ii) authorized to do business in the state where the Premises are located, and (iii) of recognized responsibility and which are reasonably satisfactory to Landlord and any Mortgagee.

(g) The insurance required by this Lease, at the option of Tenant, may be effected by blanket and/or umbrella policies issued to Tenant covering the Premises and other properties owned or leased by Tenant, provided that the policies otherwise comply with the provisions of this Lease and allocate to the Premises the specified coverage, without possibility of reduction or coinsurance by reason of, or damage to, any other premises named therein, and if the insurance required by this Lease shall be effected by any such blanket or umbrella policies, Tenant shall furnish to Landlord or Mortgagee certificates of such policies, and, if requested, certified copies or duplicate originals.

(h) Beginning on the Commencement Date, Landlord shall maintain at its expense, but subject to reimbursement as Additional Rent, all risk property insurance (including flood, earthquake and loss of rents coverage in favor of Landlord equal to twelve (12) months on the Building). Tenant shall maintain, at its expense, all risk property insurance on all of its personal property, including removable trade fixtures, located on the Premises. Said insurance shall be in an amount equal to the full replacement cost of the Building as determined by Landlord, including all additions and improvements made by Tenant. Tenant shall maintain, at its expense, all risk property insurance on all of its personal property, including removable trade fixtures, located on the Premises.

ARTICLE X
Fire and Other Casualty

In case of the destruction of the Premises or the Buildings of which the Premises are a part by fire or other casualty during the term of this Lease, or such partial destruction or damage thereto so as to render the Premises wholly untenantable or unfit for occupancy, or should the Premises be so badly injured that the same cannot be repaired within one hundred eighty (180) days from the happening of such damage, or should the holder of any indebtedness secured by the Premises not make the proceeds of insurance policies available for the rebuilding of the damaged portion of the Premises and Landlord does not agree to provide the necessary funds for such rebuilding, then and in any such case, at the election of either Landlord or Tenant, upon written notice to the other party exercised within thirty (30) days of the date it is determined that the Premises cannot be repaired within one hundred eighty (180) days from the happening of such damage, the Term hereby created shall cease and become null and void from the date of such damage or destruction and then Tenant shall immediately surrender the Premises and all interest therein to Landlord, and Tenant shall pay the Rent within said Term only to the time of such destruction or damage; and in case of such destruction or partial destruction of said

Buildings by fire, or other casualty, and the termination of this Lease pursuant to the provisions of this Article X of this Lease, Landlord may re-enter and repossess the Premises discharged from this Lease and may remove all parties therefrom; provided, however, that the option to terminate this Lease pursuant to the provisions of this Article X shall be null and void if not exercised within thirty (30) days from the date it is determined that the Premises cannot

be repaired within one hundred eighty (180) days from the happening of such damage. In the event the Premises, or any part thereof so damaged, are repairable within one hundred eighty (180) days from the happening of such damage, and also if the Lease is not terminated by reason of such damage, Landlord shall enter and repair any such damage with all reasonable speed. From the date of such injury and until repairs shall have been completed, the Rent, or such proportionate share thereof as may be attributable to the portion damaged or destroyed or rendered unusable in whole or part, shall be abated, provided, if more than fifty percent (50%) of the balance of the Premises cannot be used by Tenant in a manner contemplated by Article VII, Rent shall abate completely during said one hundred eighty (180) day period. In the event the Premises shall be so slightly injured by fire, or other casualty, as not to be rendered untenantable and unfit for occupancy, then Landlord agrees to repair the same with reasonable promptness, and in that case the Rent accrued and accruing shall not cease but shall continue without abatement. In performing any acts pursuant to the provisions hereunder, Landlord shall use its best efforts to cause the least practical interference with Tenant's business. In no event however, shall the provisions of this Article become effective or be applicable if the fire or other casualty and damage shall be the result of the carelessness, negligence or improper conduct of Tenant or Tenant's agents, employees, guests, licensees, invitees, subtenants, assignees or successors. In such case, Tenant's liability for payment of the Rent and the performance of all the covenants, conditions and terms hereof on Tenant's part to be performed shall continue and Tenant shall be liable for the damage and loss suffered by Landlord. Notwithstanding anything to the contrary, this provision shall not in any way limit the Landlord's right to collect any Fixed Rent or Additional Rent from any insurance company.

ARTICLE XI
Obligations of Tenant

Section 11.1. Compliance with Laws. Tenant shall promptly comply with all Requirements of Law of all Federal, state, municipal or over governmental or quasi-governmental authorities or bodies then having jurisdiction over the Premises (or any part thereof) and/or the use and occupation thereof by Tenant, whether any of the same relate to or require (i) structural changes to or in and about the Premises, or (ii) changes or requirements to or as the result of any use or occupation thereof or otherwise, and subject to Article VIII, Tenant shall so perform and comply, whether or not such Requirements of Law shall now exist or shall hereafter be enacted or promulgated and whether or not the same may be said to be within the present contemplation of the parties hereto.

Section 11.2. Notification of Landlord. Tenant agrees to give Landlord notice of any law, ordinance, rule, regulation or requirement enacted, passed, promulgated, made, issued or adopted by any of the governmental departments or agencies or authorities hereinbefore mentioned affecting in a material adverse manner (i) the Premises, (ii) Tenant's use thereof or (iii) the financial condition of Tenant, a copy of which is served upon or received by Tenant, or a copy of which is posted on, or fastened or attached to the Premises, or otherwise brought to the attention of Tenant, by mailing within five (5) business days after such service, receipt, posting, fastening or attaching or after the same otherwise comes to the attention of Tenant, a copy of each and every one thereof to Landlord. At the same time, Tenant will inform Landlord as to the Work

which Tenant proposes to do or take in order to comply therewith. Notwithstanding the foregoing, however, if such Work would require any Alterations which would, in Landlord's opinion, reduce the value of the Premises or change the general character, design or use of the Buildings or other improvements thereon, and if Tenant does not desire to contest the same, Tenant shall, if Landlord so requests, defer compliance therewith in order that Landlord may, if Landlord wishes, contest or seek modification of or other relief with respect to such Requirements, so long as Tenant is not put in

violation of any law, ordinance, rule, regulation or requirement enacted, passed, promulgated, made, issued or adopted by any such governmental departments or agencies or authorities, but nothing herein shall relieve Tenant of the duty and obligation, at Tenant's expense, to comply with such Requirements of Law, or such Requirements of Law as modified, whenever Landlord shall so direct.

Section 11.3. Indemnification. Except in the case of the gross negligence or willful misconduct of Landlord or its agents, employees, or contractors, or breach of its obligations under this Lease, or as otherwise limited under Article IX, Tenant shall defend, indemnify and save harmless Landlord, any partners of Landlord and any officers, stockholders, directors or employees of Landlord (collectively, "Indemnified Parties") from (a) any and all liabilities, claims, causes of actions, suits, damages and expenses (collectively, "Claims") arising from or under this Lease or Tenant's use, occupancy and operations of, in or about the Premises prior to or during the Term or during the Term of the Lease relating to the Premises; and (b) all costs, expenses and liabilities incurred, including reasonable attorney's fees and disbursements through and including appellate proceedings, in or in connection with any of such Claims. If any action or proceeding shall be brought against any of the Indemnified Parties by reason of any such Claims, Tenant, upon notice from any of the Indemnified Parties, shall resist and defend such action or proceeding, at its sole cost and expense by counsel to be selected by Tenant but otherwise satisfactory to such Indemnified Party in its reasonable discretion. Tenant or its counsel shall keep each Indemnified Party fully apprized at all times of the status of such defense. Notwithstanding the foregoing, an Indemnified Party may retain its own attorneys to defend or assist in defending any claim, action or proceeding involving potential liability in excess of Five Million Dollars ($5,000,000), and Tenant shall pay the actual and reasonable fees and disbursements of such attorneys. The provisions of this Section 11.3 shall survive the expiration or earlier termination of this Lease.

Section 11.4. No Liens. If at any time prior to or during the Term (or within the statutory period thereafter if attributable to Tenant), any mechanic's or other lien or order for payment of money, which shall have been either created by, caused (directly or indirectly) by, or suffered against Tenant, shall be filed against the Premises or any part thereof, Tenant, at its sole cost and expense, shall cause the same to be discharged by payment, bonding or otherwise, within thirty (30) days after the filing thereof unless such lien or order is contested by Tenant in good faith and Tenant provides sufficient security or evidence of financial ability, in each case to the reasonable satisfaction of Landlord, to pay the amount of such lien or order. Tenant shall, upon notice and request in writing by Landlord, defend for Landlord, at Tenant's sole cost and expense, any action or proceeding which may be brought on or for the enforcement of any such lien or order for payment of money, and will pay any damages and satisfy and discharge any judgment entered in such action or proceeding and save harmless Landlord from any liability, claim or damage resulting therefrom. In default of Tenant's procuring the discharge of any such lien as aforesaid Landlord may, without notice, and without prejudice to its other remedies hereunder, procure the discharge thereof by bonding or payment or otherwise, and all cost and expense which Landlord shall incur shall be paid by Tenant to Landlord as Additional Rent forthwith.

Section 11.5. Liability for Work and Services. Landlord shall not under any circumstances be liable to pay for any work, labor or services rendered or materials furnished to or for the account of Tenant upon or in connection with the Premises, and no mechanic's or other lien for such work, labor or services or material furnished shall, under any circumstances, attach to or affect the reversionary interest of Landlord in and to the Premises or any alterations, repairs, or improvements to be erected or made thereon. Nothing contained in this Lease shall be deemed or construed in any way as constituting the request or consent of Landlord, either express or implied, to any contractor,

subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Premises or any part thereof, nor as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials on behalf of Landlord that would give rise to the filing of any lien against the Premises.

Section 11.6. Damage to Property of Tenant. Neither Landlord nor its agents shall be liable for any loss of or damage to the property of Tenant or others by reason of casualty, theft or otherwise, or for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by or due to the gross negligence or willful misconduct of Landlord, its agents, or employees.

ARTICLE XII

Default by Tenant; Remedies

Section 12.1. Events of Default. Each of the following, which remain uncured beyond any applicable grace period, shall be deemed an event of default (an "Event of Default") and a breach of this Lease by Tenant:

(a) If the Fixed Rent shall not be paid by Tenant for a period of five (5) business days after written notice from Landlord that the same was due and payable, provided, however, no such written notice shall be required for the third and any subsequent failure to pay Fixed Rent before such failure shall constitute an Event of Default.

(b) If Tenant shall fail to pay any Additional Rent required to be paid by Tenant hereunder for a period of five (5) days after written notice has been delivered to Tenant by Landlord that the same was due and payable, provided, however, no such written notice shall be required for the third and any subsequent failure to pay Additional Rent before such failure shall constitute an Event of Default.

(c) If Tenant shall default in the performance or observance of any of the other agreements, conditions, covenants or terms herein contained, if such default shall continue for thirty (30) days after written notice by Landlord to Tenant (or if such default is of such a nature that it cannot be completely remedied within said thirty (30) day period, then if Tenant does not agree in writing within such thirty (30) day period to cure the same, commence and thereafter diligently prosecute the cure and complete the cure within a reasonable period of time under the circumstances after such original written notice of default by Landlord to Tenant).

(d) If Tenant shall transfer all or any of its interest in this Lease without compliance with the provisions of this Lease applicable thereto.

(e) If (i) Tenant shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Tenant, or seeking to adjudicate Tenant bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, composition or other relief with respect to Tenant or Tenant's debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for Tenant or for all or any substantial part of Tenant's property; or (ii) Tenant shall make a general assignment for the benefit of Tenant's creditors; or (iii) there shall be commenced against Tenant any case, proceeding or other action of a nature referred to in clause (i) above or seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of Tenant's property, which case, proceeding or other action (A) results in the entry of an order for

relief or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iv) Tenant shall takes any action consenting to or approving of any of the acts set forth in clause (i) or (ii) above; or (v) Tenant shall generally not, or shall be unable to, pay Tenant's debts as they become due or shall admit in writing Tenant's inability to pay Tenant's debts.

(f) If Tenant is a corporation and shall cease to exist as a corporation in good standing in the state of its incorporation, or if Tenant is a partnership or other entity and Tenant shall be dissolved or otherwise liquidated, then if Tenant does not completely remedy such default immediately (or if Tenant's only knowledge of such default is by receipt of written notice of such default, then within the ten (10) day period following receipt of such written notice).

(g) If Tenant shall fail to maintain the insurance required by Article IX or furnish in a timely manner the agreements and/or certifications required by Articles XVIII and XX, respectively.

(h) An Event of Default under the Ground Lease shall have occurred and be continuing (except as a result of a breach by Landlord thereunder); or Tenant shall fail to comply with its covenants set forth in Article XXXVI hereof; or the Ground Lease shall, in whole or in part (except as a result of a breach by Landlord thereunder), terminate, cease to be the legal, valid and binding obligation of Landlord or the Ground Lessor;

(i) An Event of Default shall have occurred under the Bond Documents and be continuing, or any Bond Document or the Bond shall terminate, cease to be binding or effective or cease to be the legal, valid and binding obligation of any party thereof;

Section 12.2. Remedies. In addition to any other remedies available at law
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or in equity,

(a) If an Event of Default (i) described in Sections 12.1(c) or (d) hereof shall occur and Landlord, at any time thereafter, at its option, gives written notice to Tenant stating that this Lease shall terminate on the date specified in such notice, which date shall be not less than three (3) days after the giving of such notice, and if, on the date specified in such notice, Tenant shall have failed to cure the default which was the basis for the Event of Default, or (ii) described in Sections 12.1(a), (b), (e), (f) or (g) hereof shall occur, then all rights of Tenant under this Lease shall terminate and Tenant immediately shall quit and surrender the Premises, which termination shall not relieve Tenant from any liability then or thereafter accruing hereunder.

(b) If an Event of Default described in Section 12.1(a), (b) or (g) hereof shall occur, or this Lease shall be terminated as provided in Section 12.2(a) hereof, Landlord, without notice,

and with or without court proceedings, (i) may re-enter and repossess the Premises using such force for that purpose as may be lawful without being liable to indictment, prosecution or damages therefor or (ii) may dispossess Tenant by summary proceedings or otherwise, which re-entry and repossession by Landlord shall not relieve Tenant from any liability then or thereafter accruing hereunder, except that Tenant shall be entitled to any credit for rent received from any reletting of the Premises or the value of the Premises pursuant to Section 12.3(c) or (d).

Section 12.3. Effect Termination. If this Lease shall be terminated as
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provided in Section 12.2(a) hereof and/or Tenant shall be dispossessed by summary proceedings or otherwise as provided in Section 12.2(b) hereof:

(a) Tenant shall pay to Landlord all Rent payable under this Lease by

Tenant to Landlord to the date upon which this Lease shall have been terminated or to the date of re-entry upon the Premises by Landlord, as the case may be.

(b) Landlord may repair and alter the Premises in such manner as Landlord may deem reasonably necessary or advisable without relieving Tenant of any liability under this Lease or otherwise affecting any such liability, and for let or relet the Premises or any parts thereof for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name or as agent of Tenant, and out of any rent and other sums collected or received as a result of such reletting Landlord shall: (i) first, pay to itself the actual cost and expense of terminating this Lease, re-entering, retaking, repossessing, repairing and/or altering the Premises, or any part thereof, and the actual cost and expense of removing all persons and property therefrom, including in such costs, market rate brokerage commissions, actual and customary legal expenses and attomeys' fees and disbursements, (ii) second, pay to itself the actual cost and expense sustained in securing any new tenants and other occupants, including in such costs, market rate brokerage commissions, actual and customary legal expenses and attorneys fees and disbursements and other expenses of preparing the Premises for reletting, and, if Landlord shall maintain and operate the Premises, the cost and expense of operating and maintaining the Premises, and (iii) third, pay to itself any balance remaining on account of the liability of Tenant to Landlord. Landlord in no way shall be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due on any such reletting, and no such failure to relet or to collect rent shall operate to relieve Tenant of any liability under this Lease or to otherwise affect any such liability.

Section 12.4. No Release From Liability. No termination of this Lease pursuant to Section 12.2(a) hereof and no taking possession of and/or reletting the Premises, or any part thereof pursuant to Sections 12.2(b) and 12.3(b) hereof, shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or reletting.

Section 12.5. Receipt of Moneys. No receipt of moneys by Landlord from Tenant after termination of this Lease, or after the giving of any notice of the termination of this Lease shall reinstate, continue or extend the Term or affect any of the right of Landlord to enforce the payment of Rent payable by Tenant hereunder or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any monies due or thereafter falling due without in any manner affecting such notice, proceedings,

order, suit or judgment, all such monies collected being deemed payments on account of Tenant's liability hereunder.

Section 12.6. Strict Performance. No failure by Landlord to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, teals or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by Tenant, ant no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

Section 12.7. Costs and Expenses. Tenant shall pay to Landlord all costs

and expenses, including, without limitation, attorneys' fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant. The prevailing party in any action or settlement brought to enforce any of the covenants and provisions of this Lease shall pay to the non-prevailing party, in addition to any other relief available to such prevailing party, all costs, expenses and attorneys' fees and disbursements incurred by such party in connection with such action.

Section 12.8. Default Rate. If an Event of Default shall occur under this Lease or Tenant shall fail to comply with its obligations under this Lease, Landlord may (a) perform the same for the account of Tenant and (b) make any expenditure or incur any obligation for the payment of money in connection with any obligation owed to Landlord, including, but not limited to, reasonable attomeys' fees and disbursements in instituting, prosecuting or defending any action or proceeding, with interest thereon at the Default Rate and such amounts shall be deemed to be Additional Rent hereunder and shall be paid by Tenant to Landlord immediately upon demand therefor. Default Rate shall have the meaning ascribed to it in Article I of this Lease; provided, however, that for purposes of this Article XII, such Default Rate shall never exceed the maximum non-usurious rate permitted by applicable law.

Section 12.9 Other Remedies. All rights and remedies of Landlord set forth in this Lease are in addition to all other rights and remedies available to Landlord at law or in equity, including, without limitation, any remedies which would be available to the landlord under the Bond Lease. All rights and remedies available to Landlord pursuant to this Lease or at law or in equity are expressly declared to be cumulative. The exercise by Landlord of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. No delay or failure by Landlord to exercise or enforce any of Landlord's rights or remedies or Tenant's obligations shall constitute a waiver of any such rights, remedies or obligations, Landlord shall not be deemed to have waived any default by Tenant unless such waiver expressly is set forth in a written instrument signed by Landlord. If Landlord waives in writing any default by Tenant, such waiver shall not be construed as a waiver of any covenant, condition or agreement set forth in this Lease except as to the specific circumstances described in such written waiver. If Landlord shall institute proceedings against Tenant and a compromise or settlement thereof shall be made, then the same shall not constitute a waiver of any subsequent default of a similar nature or of any covenant, condition or agreement set forth herein, nor of any of Landlord's rights hereunder. Neither the payment by Tenant of a lesser amount than the monthly installment of Fixed Rental, Additional Rental or of any sums due hereunder nor any

endorsement or statement on any check or letter accompanying a check for payment of Rent or other sums payable hereunder shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or other sums or to pursue any other remedy available to Landlord. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease. If Tenant defaults in the making of any payment to any third party or in the doing of any act herein required to be made or done by Tenant, then Landlord may, but shall not be required to, make such payment or do such act. The taking of such action by Landlord shall not be considered as a cure of such default by Tenant or prevent Landlord from pursuing any remedy it is otherwise entitled to in connection with such default. If Landlord elects to make such payment or do such act, then all costs and expenses incurred by Landlord, plus interest thereon at the Default Rate, from the date incurred by Landlord to the date of payment thereof by Tenant, shall constitute Additional Rental due hereunder; provided however, that nothing contained herein shall be construed to permit Landlord to charge or receive interest in excess of the maximum rate then allowed by law. Tenant hereby expressly waives, for itself and all persons claiming by, through, or under it, any right of redemption or for

the restoration of the operation of this Lease under any present or future law, including without limitation any such right that Tenant would otherwise have in case Tenant shall be dispossessed for any cause, or in case Landlord shall obtain possession of the Premises as herein provided.

ARTICLE XIII
Condemnation

(a) In the event that the whole of the Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain, or by private purchase by the condemnor in lieu thereof, then this Lease shall automatically terminate as of the date that title shall be taken. In the event that a part of the Premises or the Land, including the parking area, shall be so taken as to render the Premises or the Buildings unusable for the purpose for which the Premises or the Buildings are leased, then Landlord and Tenant shall each have the right to terminate this Lease on thirty (30) days' written notice to the other, given within sixty (60) days following the date of such taking. In the event that this Lease shall terminate or be terminated, the Rent hereunder shall be equitably adjusted as of the date of termination.

(b) In the event that a part of the Premises or the Buildings shall be so taken and this Lease shall not terminate or be terminated pursuant to the provisions of subparagraph(a) above, then the Rent shall be equitably apportioned according to the square footage of the Premises or the Buildings so taken and this Lease, in all other respects, shall remain in full force and effect, and Landlord, at its own cost and expense, shall restore the remaining portion of the Premises to the extent necessary to render it reasonably suitable for the purpose for which the Premises or the Buildings were leased, provided that such work shall not exceed the scope of the work required to be done in originally constructing the Premises or the Buildings.

(c) All condemnation proceeds awarded or paid upon such a total or partial taking of the Buildings or the Premises shall belong to and be the property of Landlord, and without any sharing by Tenant, whether such compensation results from diminution in value of the leasehold or to the fee interest in the Premises. Tenant, however, shall have the right to seek and prosecute any claim directly against the condemning authority in such condemnation proceedings for moving expenses, inventory and/or movable trade fixtures, furniture and other personal property belonging to Tenant, so long as such claim shall not diminish or otherwise adversely affect Landlord's award or the award of any Mortgagee.

(d) Subject to Tenant's right to terminate as set forth in subparagraph (a) herein, Tenant agrees to execute and deliver, such instruments as may be deemed necessary or required to expedite any condemnation proceedings or to effectuate a proper transfer of title to such governmental or other public authority, agency, body or public utility seeking to take or acquire the Premises, the Buildings or any portion thereof. If title is transferred to such governmental or other public authority, agency, body or public utility, Tenant covenants and agrees to vacate the Premises and the Buildings, remove all of its personal property therefrom and delivery up peaceable possession thereof to Landlord or to such other party designated by Landlord on not less than ninety (90) days' prior notice. Failure by Tenant to comply with any provision hereof shall subject Tenant to such costs, expenses, damages and losses as Landlord may incur by reason of Tenant's breach hereof.

ARTICLE XIV
Access and Right to Exhibit

(a) Landlord and its agents, employees, vendors, licensees and independent contractors shall have the right to enter upon the Premises at all reasonable hours and on not less than two (2) business days' prior notice, and only under the supervision of Tenant (and in emergencies at all times): (i) to inspect the same, (ii) during the last nine (9) months of the Initial Term, or any Option Term, to post "For Sale" signs on the Buildings and to exhibit the Premises to

any prospective purchaser or Mortgagee; or (iv) for any other lawful purpose. Any performance by Landlord hereunder shall not be deemed a waiver of Tenant's default in failing to perform same, nor shall Landlord be liable for any inconvenience, disturbance, loss of business, loss of use of the Premises or other damage of Tenant, due to said performance by Landlord, and the obligation of Tenant pursuant to this Lease shall not thereby be affected in any manner whatsoever, provided that the rules and regulations shall be enforced and applied in a uniform, non-discriminatory manner.

(b) For a period commencing nine (9) months prior to the end of the Term, Landlord and its designees shall have reasonable access to the Premises for the purpose of exhibiting the same to prospective tenants and to post any "To Let", or to "To Lease" signs upon the Premises.

ARTICLE XV
Right of First Offer

Provided Tenant is not in default of its obligations under the Lease beyond applicable notice and cure periods, during the Term of the Lease, Tenant shall have a right of first offer ("Right of First Offer") to purchase the Premises on the following terms and conditions. If, at any time during the Term, Landlord intends to sell the Premises to a third party (other than to an affiliate of Landlord), Landlord shall afford Tenant with a right of first offer to purchase the Building. At such time, Landlord shall notify Tenant of such intention and advise Tenant of its asking price and the proposed closing date (the "Offering Notice"). Within thirty (30) days after Tenant's receipt of the Offering Notice (which shall constitute Landlord's offer to sell the Premises on such terms), Tenant shall have the right to accept such offer and to purchase the Premises from Landlord, and shall communicate its acceptance by notice delivered to Landlord. Landlord and Tenant shall negotiate in good faith to reach agreement as to the sale/purchase of the Premises, on terms that are customary for sales of similar properties (unless expressly set forth to the contrary in the Offering Notice), provided, however, if Landlord and Tenant are not able to agree upon the terms of a definitive purchase and sale agreement for the Premises, which incorporates the terms of the Offering Notice (with a closing date as close as reasonably possible

to any closing date agreed to by any existing party agreeing to purchase at the price set forth in the Offering Notice or otherwise as agreed by the parties in such agreement), within thirty (30) days after acceptance of the offer by Tenant, Tenant shall be deemed to have waived its rights to purchase, provided Landlord has negotiated in good faith. In the event Tenant has not accepted Landlord's offer to purchase the Premises within the time period provided above, this right of first offer shall terminate. However, in the event any of such proposed financial terms are modified by more than seven and one-half percent (7.5%) subsequent to the delivery of the Offering Notice to Tenant, Tenant shall be afforded another opportunity to evaluate the proposed transaction and to accept and/or negotiate such revised terms. If Tenant has waived its rights hereunder and Landlord sells the Building to a third party (other than to an affiliate of Landlord), the provisions hereof shall be deemed null and void upon the consummation of such sale. The rights set forth herein and Landlord's obligations with respect thereto, shall be personal to the original Tenant and any assignee to which the original Tenant's entire interest in this Lease has been assigned pursuant to the Lease and may only be exercised by the original Tenant or such assignee (but not any subtenant or other person or entity). Notwithstanding anything contained herein to the contrary, the right of first offer contained in this Article XV shall not apply to any transfer of the Premises in connection with a foreclosure of the Mortgage or the delivery of a deed in lieu of foreclosure delivered by Landlord and shall be deemed null and void and of no further force and effect upon the consummation of a transfer of the Premises pursuant to any foreclosure proceedings commenced by Lender or a delivery of a deed in lieu of foreclosure by Landlord.

ARTICLE XVI
Assignment or Sublease

(a) Tenant may not sublet the Premises, or any part thereof, or assign this Lease, without Landlord's prior written consent, which consent if given shall require as a minimum that the following conditions be satisfied:

(i) Tenant shall give Landlord fifteen (15) days prior notice in writing, which writing shall set forth the name and address of the assignee or subtenant, the rental to be paid by said assignee or subtenant, together with a summary of all other material terms and conditions of said assignment or subletting;

(ii) At the time of such assignment and/or subletting, this Lease must be in full force and effect without any material breach or default (after any cure period) thereunder on the part of Tenant;

(iii) In the case of an assignment, the assignee shall assume, by written recordable instrument, the due performance of all of Tenant's covenants, conditions and obligations hereunder;

(iv) In the case of a sublease, the subtenant shall agree, by written recordable instrument, to take occupancy subject to this Lease and to perform all of Tenant's covenants, conditions and obligations hereunder;

(v) A copy of the assignment or sublease and the original assumption agreement, in form and content satisfactory to Landlord and any mortgagee, fully executed and acknowledged by the assignee or subtenant, together with a certified copy of a properly executed corporate resolution, if applicable, authorizing and accepting such assignment, subletting or

assumption agreement, shall be delivered to Landlord not less than fifteen (15) days prior to the effective date of such assignment or subletting; and

(vi) Such assignment or subletting shall be upon and subject to all of the terms and conditions of this Lease, and Tenant and any prior assignee or sublessee shall continue to be and remain primarily, jointly and severally liable hereunder for the due and full performance of the terms, conditions and obligations hereunder, including, but not limited to, payment of Rent.

(b) Notwithstanding anything herein contained to the contrary and notwithstanding any prior consent by Landlord, no subtenant or assignee shall further assign or sublease the Premises without fifteen (15) days prior notice to Landlord in each such instance and without compliance with the provisions of this Paragraph.

(c) In the event that the Rent paid by said subtenant or assignee to Tenant exceeds the Rent payable to Landlord under this Lease, such excess rent shall be called "Profit". Tenant shall deduct from the Profit (i) reasonable advertising, architectural, marketing, brokerage, legal, tenant fit-up and other expenses incurred by Tenant in connection with the sublease or assignment and not passed through by Tenant to the assignee or subtenant, (ii) the reasonable costs and expenses incurred by Tenant with respect to fitting-up the designated space to be assigned or sublet immediately prior thereto, and (iii) Rent paid by Tenant to Landlord under the Lease for the designated space after a 6-month period during which Tenant has advised Landlord to list such space for sublease or assignment with a licensed broker and the space remains not subject to a sublease or assignment. After making said deductions, Tenant shall pay fifty percent (50%) of the adjusted Profit to Landlord as Additional Rent. It is further understood that Tenant shall make available to Landlord, upon request, all records reflecting all deductible expenses and rental payments in the event of a sublet or assignment.

(d) Notwithstanding the foregoing provisions of this Paragraph, Tenant shall have the right, without the necessity of obtaining Landlord's consent, but

subject to all other provisions of this Article XVI, to:

(i) Sublet all or part of the Premises to any parent or affiliate of Tenant;

(ii) Assign this Lease to any parent or affiliate of Tenant; or

(iii) Assign this Lease to a corporation which succeeds to all or substantially all of the assets and business of Tenant or into which Tenant is merged, if the net worth of such corporation, following such assignment, equals or exceeds the net worth of Tenant at the date hereof or immediately prior to such assignment, whichever is greater; provided, however, that Tenant, at all times shall be and remain primarily, jointly and severally liable under this Lease despite any such assignment.

(e) For the purposes of subparagraph (e) above, the term "affiliate" shall mean any company of which Tenant or Tenant's parent now or hereafter owns and controls, directly or indirectly, twenty-five percent (25%) or more of the stock having the right to vote for, or appoint, directors thereof. For the purpose of this definition, the stock so owned or controlled shall be deemed to include all stock owned or controlled directly or indirectly by any other company of which Tenant or Tenant's parent owns or controls, directly or indirectly, twenty-five percent (25%) or more of the stock having the right to vote for directors thereof.

(f) In addition to the right of Landlord to declare this Lease to be in default, the failure of Tenant or its assignee or subtenant to comply with any of the material provisions and conditions of this Paragraph, following notice and after any applicable cure period shall, at Landlord's option, render such purported assignment or sublease null and void and of no force and effect.

ARTICLE XVII
Waiver of Redemption

Upon the expiration or sooner termination of this Lease or in the event of entry of judgment for the recovery of the possession of the Premises in any action or proceeding, or if Landlord shall enter the Premises by process of law or otherwise, Tenant, for itself and all persons claiming through or under Tenant, including, but not limited to, its creditors, hereby waives and surrenders any right or privileges or redemption provided or permitted by any statute, law or decision now or hereafter in force, to the extent legally authorized and does hereby waive and surrender up all rights or privileges which it may or might have under and by reason of any present or future law or decision, to redeem the Premises or for a continuation of this Lease after having been dispossessed or ejected therefrom by process of law, or otherwise.

ARTICLE XVIII
Mortgage Priority

This Lease shall be and hereby is made subject and subordinate at all times to the lien of all Mortgages and all advances made thereon which may now or hereafter affect the Land, and/or Buildings, and to all increases, renewals, modifications, consolidations, participations, replacements and extensions thereof, irrespective of the time of recording such lien, without the necessity of any further instrument of subordination. In the event, however, that Landlord or Mortgagee desires confirmation of such subordination, Tenant shall promptly execute and deliver any certificate or instrument that may be requested. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, any Mortgagee or ground lessor, or any of their respective successors in interest may request to evidence such subordination. Tenant shall not have the right to place any lien or encumbrance of any kind against the Premises, or any of its fixtures, furniture, equipment or improvements, other than a chattel mortgage on its movable trade fixtures and equipment. Tenant further agrees that upon receipt of notice of the existence of a Mortgage, accompanied by the name and address of

the Mortgage holder, Tenant shall furnish to said Mortgage holder copies of any notices given to Landlord under or relating to this Lease.

ARTICLE XIX
Landlord Consent

With respect to any provision hereof which provides for the consent or approval of Landlord, said consent or approval shall be in writing and shall not be unreasonably withheld, conditioned or delayed.

ARTICLE XX
Certification

Tenant agrees, without charge and at any time, and from time to time, within ten (10) days after written request, to certify by a written instrument duly executed, acknowledged and

delivered to Landlord or any other person, firm or corporation specified in such request and for the following purposes, including, without limitation, sale, financing or refinancing, assignment or subletting; (a) as to whether this Lease has been modified or amended, and, if so, the substance and manner of such modification or amendment; (b) as to the validity and force and effect of this Lease; (c) as to the existence of any default thereunder; (d) as to the existence of any offsets, counterclaims or defenses thereto on the part of Tenant; (e) as to the commencement and expiration dates of the Term; (f) as to the dates to which Rent payments have been made (g) as to any other matters as may reasonable be so requested, including without limitation the condition of all systems, elements and components of the Premises. Any such certificate may be relied upon by Landlord and any other person, firm or corporation to whom the same may be exhibited or delivered and their successors and assigns, and Tenant shall be bound by the contents of such certificate.

ARTICLE XXI
Waiver of Trial by Jury

Landlord and Tenant waive the right to a trial by jury in any action or proceeding based upon, or related to, the subject matter of this Lease. This waiver is knowingly, intentionally, and voluntarily made by Landlord and Tenant and Tenant acknowledges that neither Landlord or any person acting on behalf of Landlord has made any representations of act to induce this waiver of trial by jury or in any way to modify or nullify its effect. Landlord and Tenant further acknowledge that they have been represented (or has had the opportunity to be represented) in the signing of this lease and in the making of this waiver by independent legal counsel, selected of their own free will, and that they have had the opportunity to discuss this waiver with counsel. Landlord and Tenant further acknowledge that they have read and understand the meaning and ramification of this waiver provision and as evidence of this fact sign their initials.

ARTICLE XXII
Option to Extend

Section 22.1 Renewal Option. Provided that Tenant shall not be in default
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of any term, provision, condition or covenant therein at the time of the exercise of the option set forth in this Article XXII or at the time said option shall take effect and provided further that Tenant is occupying the Premises so as to enable Tenant to carry out its business at the time of the exercise of the option set forth in this Article XXII and at the time the option takes effect, Tenant shall have the right to extend the Initial Term of this Lease for two (2) additional periods of ten (10) years each (the "Option Term") commencing on the date following the termination of the Initial Term. Said Option Term shall be on the same terms, conditions, provisions and covenants as are set forth herein with the following exceptions:

(a) Fixed Rent shall be (i) adjusted to the greater of (x) 95% of the Market Rent or (y) the Fixed Rent payable during the final year of the Term immediately prior to such extension, and (ii) the Fixed Rent as so determined shall be increased by 15% beginning with the 61/st/ month of each Option Term;

(b) Following extension of the option for the second Option Term, Tenant shall have no further unilateral renewal option; and

(c) Landlord shall lease to Tenant the Premises in its then-current condition, and Landlord shall not provide to Tenant any allowances (e.g., moving allowance, construction

allowance, and the like) or other tenant inducements.

Tenant's rights hereunder shall terminate if (1) this Lease or Tenant's right to possession of the Premises is terminated, (2) Tenant assigns its interest in this Lease or sublets more than fifty percent (50%) of the total rentable square feet of the Premises (other than by way of a Permitted Transfer), or (3) Tenant fails to timely exercise either of its options, time being of the essence with respect to Tenant's exercise thereof.

Market rent shall be a rental rate equal to the then current market rate, for comparable space in other buildings comparable to the Premises in the sub-market taking into account all relevant factors including the size and cost of the building in question when compared to the Premises and the amenity package available for the building in question when compared to the Premises (collectively the "Market Rent").

Upon receiving notice of Tenant's intent to extend the Term of the Lease, Landlord shall notify Tenant in writing of its determination of Market Rent ("Landlord's Market Rent"). In the event Tenant rejects Landlord's determination of the Market Rent, Tenant shall include with its notice of rejection, Tenant's determination of Market Rent ("Tenant's Market Rent"). Landlord and Tenant shall then negotiate in good faith for thirty (30) days following the delivery of Tenant's notice to Landlord in an attempt to reach an agreement as to the Market Rent. If, however, Landlord and Tenant are unable to reach an agreement as to the Market Rent, then Tenant shall have the option within five (5) days following the end of such thirty (30) day period to (1) revoke its election to extend the term of this Lease, or (2) to request binding mediation. In the event that Tenant shall revoke its notice to extend the term of this Lease, the Lease shall expire per its terms. In the event that Tenant shall elect the binding mediation, then Landlord and Tenant shall, within ten (10) days thereafter, each designate a qualified real estate professional. The two (2) such appointees shall within five (5) days thereafter, designate a third real estate professional having substantially similar qualifications.

After a third real estate professional has been designated in accordance with the above paragraph, then within twenty (20) days after the appointment of the third representative, the group shall select either Landlord's Market Rent or Tenant's Market Rent as being most representative of Market Rent, and the Lease shall be modified under those terms and conditions.

Section 22.2 Exercise Notice. Each Option Term herein granted to extend the Term shall be exercised by Tenant by the delivery of written notice thereof to Landlord not less than nine (9) months prior to the expiration of the Term and any extensions thereof, time being of the essence. In the event that Tenant shall fail to deliver said notice within such time, it shall be conclusively deemed to mean that Tenant has elected not to exercise said Option Term, whereupon all Option Terms shall cease and terminate and be of no further force and effect.

ARTICLE XXIII
Quiet Enjoyment

Landlord covenants and agrees with Tenant that, upon Tenant's paying the Rent and observing and performing all of the terms, provisions, covenants and conditions on its part to be observed and performed, Tenant may peaceably and quietly enjoy the premises during the Term hereof, subject however, to all of the terms, conditions, covenants and provisions of this Lease and to any Mortgage to which this Lease is subject.

ARTICLE XXIV
Landlord and Personal Liability

(a) The term "Landlord" as used in this Lease means only the then owner(s) or the Mortgagee in possession for the time being of the Land and Buildings, so that in the event of any sale of the Land and Buildings, Landlord herein shall be and hereby is entirely freed and relieved of all obligations of Landlord hereunder arising thereafter without the necessity of further agreement between the parties and such purchaser or assignee shall have assumed and agreed to observe and perform all obligations of Landlord hereunder.

(b) Notwithstanding anything herein contained to the contrary, it is specifically understood and agreed that there shall be no personal liability on the part of the individual, officers, directors and shareholders who comprises Landlord, its successors or assigns, with respect to any of the terms, provisions, covenants and conditions of this Lease, and that Tenant shall look solely to the estate, property and equity of Landlord or such successor in interest in the Land and Buildings or the sales proceeds thereof and subject to the prior rights of any Mortgagee for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord, or by such successor in interest of any of the terms provisions, covenants and conditions of this Lease to be performed by Landlord which exculpation of personal liability shall be absolute and without exception.

ARTICLE XXV
Notices

All notices, demands or requests required under the terms of this Lease shall be deemed to have been duly made or given when personally delivered or received by the United States mail, or express mailed with a widely recognized, reputable organization, postage prepaid, and addressed to the respective parties at the addresses set forth in Article I, or to such other address as either party may designate in writing, which notice of change of address shall be given in the same manner.

ARTICLE XXVI
Covenants, Effect of Waiver

(a) Every term, condition, agreement or provision set forth in this Lease shall be deemed to also constitute a covenant.

(b) The waiver of any term, provision, covenant or condition by either party shall not be construed as a waiver of a subsequent breach of the same or any other term, provision, covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be construed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. The failure of either party to insist in any one or more instances upon the strict performance of any term, condition, provision, covenant or agreement or to exercise any option or any right hereunder, shall not be construed as a waiver or relinquishment of the same for the future. The receipt by Landlord of any Rent payment or the acceptance by Landlord of the performance of anything required to be performed by this Lease, with knowledge of a breach of any term, condition, provision or covenant of this Lease shall not be deemed a waiver of such breach. No term, condition, provision or covenant of this Lease shall be deemed to have been waived unless such waiver is in writing and signed by the waiving party. No payment by Tenant or receipt and/or

acceptance by Landlord of a lesser sum than the agreed-upon Rent shall operate or be deemed or construed to be other than on account of the earliest Rent then unpaid, nor shall any endorsement or statement on any check or any letter or writing accompanying any check nor the acceptance of any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to its right to recover the balance of any Rent or to pursue any other remedy to which it may be entitled.

ARTICLE XXVII
Holding Over

Any holding over or continued occupancy by Tenant after the expiration of the Term of this Lease shall not operate to extend or renew this Lease or to imply or create a new lease. In such event, Landlord shall have the right to immediately terminate Tenant's occupancy, or to treat Tenant's occupancy as a tenancy at sufferance. Tenant shall pay Fixed Rent during any holdover period at a rate of 130% of the Fixed Rent during the last month of the expired Term and shall continue to pay Additional Rent.

ARTICLE XXVIII
Attornment

At the option of Landlord, a purchaser of the Land, Buildings and Premises, or the holder of any Mortgage affecting the Premises, Tenant agrees that neither the sale of the Land and Buildings, nor the foreclosure of any Mortgage affecting the Premises, nor the institution of any suit, action, summary or other proceeding by Landlord or any Mortgagee shall, by operation of law or otherwise, result in the cancellation or termination of this Lease or the obligations of Tenant hereunder, and Tenant covenants and agrees in such event to attorn to Landlord or to the holder of such Mortgage, or to the purchaser of the Land and Buildings, whether by foreclosure or otherwise. Tenant agrees to execute any document reasonably required to evidence such attornment, if requested, within ten (10) days of the request therefor.

ARTICLE XXIX
Broker

Landlord and Tenant each represent to the other that they have dealt with no real estate broker other than Professional Real Estate Services, Inc., 1201 Dove Street, Suite 100, Newport Beach, California ("Broker"), in connection with this Lease. Landlord and Tenant agree that if any claims should be made for commissions by any other broker, the parties hereto will indemnify and save each other harmless from any and all claims, demands, losses, liabilities, judgments, costs, expenses, attorneys' fees or other damages resulting from, arising out of, or in connection therewith. Tenant agrees to pay the brokerage commission due in connection with this Lease to Broker in accordance with the terms and conditions of a separate agreement entered into or to be entered into between Tenant and Broker. Tenant agrees to indemnify, defend and hold Landlord harmless from and against any claim for a sale or leasing commission which may be made by Broker or anyone claiming under Broker in connection with the purchase of the Premises by Landlord or the leasing of the Premises to Tenant, including any extensions or renewals of this Lease.

ARTICLE XXX
Environmental Laws

Section 30.1. Representations and Warranties. Tenant represents and
warrants to Landlord and each Mortgagee that Tenant has conducted an appropriate inquiry and that except as disclosed in those specified reports listed on Exhibit "C" attached hereto and made a part hereof no Hazardous Substance (as

defined below) has been used, generated, manufactured, produced, stored, released, discharged or disposed of on, under, from or about the Premises except in compliance with applicable Environmental Laws. Tenant will not use, generate, manufacture, produce, store, release, discharge or dispose of on, under, from or about the Premises or transport to or from the Premises any Hazardous Substance except in compliance with applicable Environmental Laws and will use its best efforts not to allow or suffer any other person or entity to do so.

Section 30.2 Compliance with Law. Tenant shall keep and maintain the Premises in compliance with, and shall use its best efforts not to cause, permit or suffer the Premises to be in violation of any Environmental Law (as defined below).

Section 30.3. No Violation. Tenant represents and warrants to Landlord and any Mortgagee that Tenant has not received any notice of a violation, and to its knowledge there are no violations, of any Environmental Law, nor incurred any previous liability therefor with respect to the Premises. Tenant shall give prompt written notice to Landlord of:

(i) becoming aware of any use, generation, manufacture, production, storage, release, discharge or disposal of any Hazardous Substance on, under, from or about the Premises or the migration thereof to or from other property;

(ii) the commencement, institution or threat of any proceeding, inquiry or action by or notice from any local, state or federal governmental authority with respect to the use or presence of any Hazardous Substance on the Premises or the migration thereof from or to other property;

(iii) all claims made or threatened by any third party against Tenant or the Premises relating to any damage, contribution, cost recovery, compensation, loss or Injury resulting from any Hazardous Substance;

(iv) Tenant's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law, or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Law; and

(v) obtaining knowledge of any incurrence of expense by any governmental authority or others in connection with the assessment, containment or removal of any Hazardous Substance located on, under, from or about the Premises or any property adjoining or in the vicinity of the Premises.

Section 30.4. Legal Proceedings. Landlord shall have the right, but not the obligation, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated with respect to the Premises in connection with any Environmental Law at its own expense or be defended by Tenant from and against any such proceedings or actions with counsel chosen by

Landlord (provided that Landlord and Tenant shall attempt, in good faith, to agree on one counsel to represent both Landlord and Tenant, if in Landlord's good faith determination such joint representation is feasible or appropriate under the circumstances), and shall have the right to make inquiry of and disclose all information to appropriate governmental authorities when advised by counsel that such disclosure may be required under applicable law.

Section 30.5. Authorization. Without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant shall not take any remedial action, other than pursuant to the plan developed in

accordance with Section 30.7, in response to the presence of any Hazardous Substance on, under, from or about the Premises, nor enter into any settlement, consent or compromise which might, in Landlord's reasonable judgment, impair the value of Landlord's interest in the Premises under this Lease; provide, however, that Landlord's prior consent shall not be necessary if the presence of Hazardous Substance on, under, from or about the Premises either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not practical or possible to obtain Landlord's consent before taking such action. In such event, Tenant shall notify Landlord as soon as practicable of any action so taken. Landlord agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court or any agency of competent jurisdiction, or (ii) Tenant establishes to the reasonable satisfaction of Landlord that there is no reasonable alternative to such remedial action which would result in less impairment of Landlord's interest in the Premises.

Section 30.6. Environmental Indemnification. Tenant shall protect, indemnify and hold harmless Landlord and each Mortgagee, their respective directors, officers, partners employees, agents, successors and assigns from and against (a) any and all claim, loss, damage, cost, expense, liability, fines, penalties, charges, administrative and judicial proceedings and orders, judgments. remedial action requirements, enforcement actions of any kind (including, without limitation, reasonable attorneys' and costs) directly or indirectly arising out of or attributable to, in whole or in part, the breach of any of the covenants. representations and warranties of this Article XXX or the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a Hazardous Substance on, under, from or about the Premises due to the actions of Tenant, or any of its employees, agents, contractors of subcontractors, or (b) any other activity carried on or undertaken on or off the Premises, whether during the period of Tenant's ownership of the Premises or during the Term, by Tenant or any employees, agents, contractors or subcontractors of Tenant or any third persons present on the Premises with the consent of the Tenant, in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Substance located or present on, under, from or about the Premises during the Term or Tenant's ownership of the Premises or both, including, without limitation: (i) the costs of any required or necessary repair, cleanup or detoxification of the Premises and the preparation and implementation of any closure, remedial or other required plans including, without limitation: (A) the costs of removal or remedial action incurred by the United States Government or the state in which the Premises are located, or response costs incurred by any other person, or damages from injury to, destruction of, or loss of natural resources, including the costs of assessing such injury, destruction or loss, incurred pursuant any Environmental Law; (B) the clean-up costs, fines, damages or penalties incurred pursuant to the provisions of applicable state law; and (C) the cost and expenses of abatement, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any other statute, state or federal; and (ii) liability for personal injury or property damage, including damages assessed for the maintenance of the public or private nuisance,

response costs or for the carrying on of an abnormally dangerous activity.

This indemnity is intended to be operable under 42 U.S.C. Section 9607(e)(1), and any successor section thereof and shall survive expiration or earlier termination of this Lease and any transfer of all or a portion of the Premises by Tenant.

The foregoing indemnity shall in no manner be construed to limit or adversely affect Landlord's rights under this Article XXX, including, without limitation, Landlord's rights to approve any Remedial Work (as defined below) or the contractors and consulting engineers retained in connection therewith.

Section 30.7. Remedial Work. In the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature (the "Remedial Work'") is required of Landlord or Tenant by any applicable local, state or federal law or regulation, any judicial order, or by any governmental entity or person because of, or in connection with, the current at future presence, suspected presence, release or suspected release of a Hazardous Substance in of into the air, soil, groundwater, surface water or soil vapor at, on, about, under or within the Premises (or any portion thereof), Tenant shall within thirty (30) days after written demand for performance thereof by Landlord (or such shorter period of time as may be required under any applicable law, regulation, order or agreement), commence to perform, or cause to be commenced, and thereafter diligently prosecute to completion, within such period of time as may be required under any applicable law, regulation, order or agreement, all such Remedial Work at Tenant's sole expense in accordance with the requirements of any applicable governmental authority or Environmental Law. All Remedial Work shall be performed by one or more contractors, approved in advance in writing by Landlord and under the supervision of a consulting engineer in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Tenant as Additional Rent, including, without limitation, the charges of such contractor(s) and/or the consulting engineer, and Landlord's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work. In the event Tenant shall fail to timely commence, or cause to be commenced, or fail to complete the Remedial Work within the time required above, Landlord may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof, or incurred in connection therewith shall be paid by Tenant to Landlord as Additional Rent forthwith.

Section 30.8. Inspections. In the event that Landlord reasonably believes that there may be a violation or threatened violation by Tenant of any Environmental Law or a violation or threatened violation by Tenant of any covenant under this Article XXX. Landlord is authorized, but not obligated, by itself, its agents, employees or workmen to enter at any reasonable time, so long as Landlord uses its reasonable best efforts to not unduly interfere with Tenant's normal conduct of business, upon any part of the Premises for the purposes of inspecting the same for Hazardous Substances and Tenant's compliance with this Article XXX, and such inspections may include, without limitation, soil borings. Tenant agrees to pay to Landlord, upon Landlord's demand, all actual and customary expenses, costs or other amounts incurred by Landlord in performing any inspection for the purposes set forth in this Section 30.8 which results in the confirmation of the existence of Hazardous Substances in violation of any Environmental Law or Tenant's obligations under this Lease.

Section 30.9. Costs and Expenses. All costs and expenses incurred by Landlord under this Article XXX shall be immediately due and payable as Additional Rent upon demand and shall bear interest at the Default Rate from the date of notice of such payment by Landlord and

the expiration of any grace period provided herein until repaid.

Section 30.10. "Environmental Laws" shall mean any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene, hazardous waste or the environmental conditions on, under, in or about the Premises, including, without limitation, the laws listed in the definition of Hazardous Substances below.

Section 30.11. "Hazardous Substances" shall mean any element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as a "hazardous substance", "hazardous waste" or "hazardous material" under any federal, state or local

statute, regulation or ordinance applicable to a real property, as well as any amendments and successors to such statute and regulations, as may be enacted and promulgated from time to tune, including, without limitation, the following: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (codified in scattered sections of 26 U. S.C., 33 U.S.C., 42 U.S.C. and 42 U.S.C. (S) 9601 et seq.); (ii) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. (S) 6901 et seq.); (iii) the Hazardous Materials Transportation Act (49 U.S.C. (S) 1801 et. seq.); (vi) the Toxic Substances Control Act (15 U.S.C. (S) 2601 et seq.; (v) the Clean Air Act (33 U.S.C.-(S) 1251 et seq.); (vi) the Clean Air Act (42 U.S.C. (S) 7401 et seq.); (vii) the Safe Drinking Water Act (21 U.S.C. (S) 349, 42 U.S.C. (S) 201 and (S) 300f et seq.); (viii) the National Environmental Policy Act of 1969 (42 U.S.C. (S) 3421); (ix) the Superfund Amendment and Reauthorization Act of 1986 (codified in scattered sections of 10 U.S.C., 29 U.S.C., 33 U.S.C. and 42 U.S.C.); and (x) Title III of the Superfund Amendment and Reauthorization Act (40 U.S.C. (S) 1101 et seq.).

ARTICLE XXXI
Validity of Lease

The terms, conditions, covenants and provisions of this Lease shall be deemed to be severable. If any clause or provision herein contained shall be adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, the same shall be deemed to be severable and shall not affect the validity of any other clause or provision herein, but such other clauses or provisions shall remain in full force and effect, unless such provisions shall relate, in any material respect, to any payment of Rent hereunder, in which event, Landlord, on not less than thirty (30) days' written notice to Tenant, shall have the right to terminate this Lease on the date specified in such notice, whereupon all Rent charges shall be apportioned as of the date of termination and with the same force and effect as if the Lease terminated on the maturity date set forth herein. This Lease shall be interpreted, governed by and enforced in accordance with the laws of the state in which the Premises are located.

ARTICLE XXXII
Reference

Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, if applicable. The paragraph headings and captions used herein are for reference and convenience only. The words "re-enter" and "re-entry" as used herein are not restricted to their technical legal meaning.

ARTICLE XXXIII
Entire Agreement

This Lease contains the entire agreement between the parties. No oral statement or prior written matter shall have any force or effect nor shall the waiver of any provision of this Agreement be effective unless in writing, signed by the waiving party. Tenant agrees that it is not relying on any representations or agreements other than those contained in this Lease. This Agreement shall not be modified except by a writing executed by both parties, nor may this Lease be cancelled by Tenant except with the written consent of Landlord, unless otherwise specifically provided herein. The covenants, provisions, terms, conditions and agreements contained in this Lease shall bind Landlord and Tenant and their respective successors and assigns and shall inure to the benefit of Landlord, Tenant, their respective successors, the assigns of Landlord and the assigns or sublessees of Tenant who shall have obtained an assignment of lease or sublease in accordance with the provisions of this Lease

hereto.

ARTICLE XXXIV
Merger of Title

There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, in whole or in part, (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate, or (b) the ground leasehold estate in the Premises, except as may expressly be stated in a written instrument duly executed and delivered by the appropriate Person.

ARTICLE XXXV
Assignment by Landlord

Except in connection with any indebtedness secured by the Premises from time to time, Landlord agrees not to assign all or any part of Landlord's interest in this Lease or the Premises to any party who, at the time of such assignment, is a material competitor of Tenant in the business of information technology or has been or is involved in material litigation or threatened litigation with Tenant (collectively, an "adverse assignee") without first offering the Premises to Tenant on the same terms and conditions contained in any such offer. Landlord may in writing submit to Tenant the name of any party to whom Landlord wishes to assign all or any part of Landlord's interest in this Lease. Within fifteen (15) days after receipt, Tenant shall in writing advise Landlord that such party is or is not an adverse assignee and whether Tenant wishes to exercise its right of first offer. Any exercise of the right of first offer shall be in accordance with the provisions of Article XV. If Tenant fails to respond to Landlord within such period of time, said party shall been deemed not to be an adverse assignee. The limitations set forth in this Article shall not apply to any purchaser at a judicial or non-judicial foreclosure sale, or to any deed in lieu of foreclosure to or on behalf of a Mortgagee, pursuant to the terms of any Mortgage.

ARTICLE XXXVI
Ground Lease and Bond Documents

During the Term, Tenant shall not do or permit anything that would violate, breach, or be contrary to any of the terms, conditions or covenants of the Ground Lease and the Bond Documents, and Tenant shall observe and perform all the obligations of Landlord under the Ground Lease and the Bond Documents which relate to Tenant's use and occupancy of the

Premises other than the payment rent.

ARTICLE XXXVII
Miscellaneous

Section 37.1 Amendments and Modifications. Neither this Lease, any lease supplement nor any provision hereof may be amended, waived, discharged or terminated except by an instrument in writing in recordable form signed by Landlord and Tenant.

Section 37.2 Successors and Assigns. All the terms and provisions of this Lease shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 37.3 Headings and Table of Contents. The headings and table of contents in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 37.4 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one and the same instrument.

Section 37.6 Governing Law. THIS LEASE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TENNESSEE, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES. WITHOUT LIMITING THE FOREGOING, IN THE EVENT THAT THIS LEASE IS DEEMED TO CONSTITUTE A FINANCING, WHICH IS THE INTENTION OF THE PARTIES, THE LAWS OF THE STATE OF TENNESSEE, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, SHALL GOVERN THE CREATION, TERMS AND PROVISIONS OF THE INDEBTEDNESS EVIDENCED HEREBY.

Section 37.7 Lease Contingency. Notwithstanding any other terms and provisions of this Lease, this Lease shall not be effective unless and until Lessor acquires the leasehold title to the Premises, but upon the acquisition of such title, this Lease shall become effective and in full force and effect without further action of the parties. If Lessor shall not have acquired such title on or before September 28, 2001, then this Lease shall be null and void and of no further force and effect.

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IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as of the day and year first above written.

WITNESS:	LANDLORD:
/s/ W. L. O'Callaghan	
	WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership
	By: Wells Real Estate Investment Trust, Inc., its General Partner
	By: /s/ Douglas P. Williams
	Its: Douglas P. Williams, Executive Vice President
WITNESS:	TENANT:
	INGRAM MICRO L.P., a Tennessee Limited Partnership
/s/ [ILLEGIBLE]	By: Ingram Micro Inc., its General Partner
	By: /s/ Mr. Paul H. LaPlante
	Its: President

EXHIBIT 10.102

GUARANTY OF LEASE AGREEMENT FOR

INGRAM MICRO DISTRIBUTION FACILITY

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (this "Guaranty") is executed as of September 7, 2001, by Ingram Micro Inc., a Delaware corporation ("Guarantor"), whose address is 1600 East St. Andrews Place, Santa Ana, California 92705 for the benefit of Wells Operating Partnership, L.P. ("Landlord"), whose address is 6200 The Corners Parkway, Suite 240, Norcross, Georgia 30092, with reference to the following facts:

A. Landlord and Ingram Micro L.P., a Tennessee limited partnership ("Tenant") intend to enter into that certain Indenture of Lease dated as of _____, 2001, (the "Lease") pursuant to which Tenant shall lease from Landlord the real property described in the Lease;

B. As a condition to Landlord's execution of the Lease, Landlord requires that the undersigned guaranty the full and timely performance of the obligations of Tenant under said Lease; and

C. The Guarantor desires that Landlord enter into the Lease with Tenant and has a beneficial interest in Tenant. Capitalized terms not expressly defined herein shall have the definitions set forth in the Lease.

NOW, THEREFORE, in consideration of the execution of the Lease by Landlord, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Guarantor unconditionally guaranties, without deduction by reason of setoff, defense or counterclaim (except as otherwise permitted under the Lease), to Landlord and its successors and assigns the full and punctual payment, and the performance and observance by Tenant, of all sums, terms, covenants and conditions in the Lease to be paid, kept, performed or observed by Tenant.

2. If Tenant shall at any time default in the performance or observance of any of the terms, covenants or conditions of the Lease to be kept, performed or observed by Tenant, Guarantor will keep, perform and observe same, as the case may be, in the place and stead of Tenant. Guarantor has the right to cure any default of Tenant, provided such cure is performed in accordance with the terms and within the time periods set forth in the Lease. It is specifically agreed and understood that this Guaranty is a continuing guarantee under which Landlord may proceed immediately against Tenant or Guarantor following any breach or default by Tenant or for the enforcement of any rights which Landlord may have as against Tenant pursuant to or under the terms of the Lease or at law or in equity; provided that, in all cases Guarantor may exercise such rights and remedies, and assert such defenses, to which Tenant is entitled under the Lease.

3. Any act or omission of Landlord, or of its successors or assigns, constituting a waiver of any of the terms or conditions of the Lease (including, without limitation, concerning any consent required under the Lease) or the granting of any indulgences or extensions of time to Tenant, may be done without notice to Guarantor and without releasing Guarantor from any of its obligations hereunder.

4. The obligations of Guarantor hereunder shall not be released by Landlord's receipt, application or release of any security given for the performance and observance of any covenant or condition of the Lease to be performed or observed by Tenant, nor by any modification of the Lease, regardless of whether Guarantor consents thereto or receives notice thereof.

5. The liability of Guarantor hereunder shall in no way be affected by (a) the release or discharge of Tenant in any creditor's receivership, bankruptcy or other proceedings; (b) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy, or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provision of any federal or state bankruptcy or insolvency law or other statute or from the decision of any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Tenant; or (e) the exercise by Landlord of any of its rights or remedies reserved under the Lease or by law.

6. Guarantor further agrees that it may be joined in any action against Tenant in connection with the obligations of Tenant and recovery may be had against Guarantor in any such action. Landlord may enforce the obligations of Guarantor hereunder without first taking any action whatsoever against Tenant or its successors and assigns, or pursue any other remedy or apply any security it may hold, and Guarantor hereby waives (a) notice of acceptance of this Guaranty, (b) demand of payment, presentation and protest, (c) all right to assert or plead any statute of limitations relating to this Guaranty and/or the Lease, (d) any right to require Landlord to proceed against Tenant or any other guarantor or any other person or entity liable to Landlord, (e) any right to require Landlord to

apply to any default any security deposit or other security it may hold under the Lease, (f) any right to require Landlord to proceed under any other remedy Landlord may have before proceeding against Guarantor, (g) any right of subrogation, and (h) any and all surety or other defenses in the nature thereof including, without limitation, the provisions of California Civil Code Section 2819 and 2845 or any similar, related or successor provisions of law.

7. This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, and to any assignment, subletting or other tenancy thereunder or to any holdover term following the term granted under the Lease or any extension or renewal thereof; provided, however, that with respect to any assignment to other than an Affiliate, this Guaranty shall not apply to any modification or amendment to the Lease made after such an assignment solely to the extent of any additional obligations or modifications to existing obligations. It is specifically agreed and understood that the terms of the Lease may be altered, affected, modified or changed by agreement between Landlord and Tenant, or by a course of conduct, and said Lease may be assigned by Landlord or any assignee of Landlord without consent or notice to Guarantor (except as otherwise permitted in the Lease) and that this Guaranty shall thereupon and thereafter guaranty the performance of said Lease as so changed, modified, altered or assigned.

8. Intentionally Omitted.

9. In the event of any litigation between Guarantor and Landlord with respect to the subject matter hereof, the unsuccessful party to such litigation agrees to pay to the successful party all reasonable fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

10. No delay on the part of Landlord in exercising any right hereunder or under the Lease shall operate as a waiver of such right or of any other right of Landlord under the Lease or hereunder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or a waiver of the same or any other right on any future occasion. This Guaranty shall not be released, modified or affected by failure or delayed on the part of Landlord to enforce any of the rights or remedies of Landlord under the Lease, whether pursuant to the terms thereof or at law or in equity.

11. If there is more than one undersigned Guarantor, the term Guarantor, as used herein, shall include all of the undersigned; each and every provision of this Guaranty shall be binding on each and every one of the undersigned; they shall be jointly and severally liable hereunder; and Landlord shall have the right to joint one or all of them in any proceeding or to proceed against them in any order.

12. This instrument constitutes the entire agreement between Landlord and Guarantor with respect to the subject matter hereof, superseding all prior oral or written agreements or understandings with respect thereto and may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord.

13. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

14. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent either to Guarantor at the address set forth on Page 1 hereof to the attention of Corporate Real Estate (with a copy to General Counsel at the same address), or to Landlord, at the address set forth on Page 1 hereof, by registered or certified mail, postage prepaid, return receipt requested, by personal delivery or by nationally recognized overnight courier service and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice; (ii) if mailed, four (4) business days after the date of posting by the United States Post Office; or (iii) if delivered by overnight courier, the date of receipt as confirmed by the courier.

15. If Landlord desires to sell, finance or refinance the "Building" or the "Premises" (as such terms are defined in the Lease), or any part thereof, Guarantor hereby agrees to deliver to any lender or buyer designated by Landlord such estoppel statements of Guarantor as may be reasonably required by such lender or buyer. All such statements shall be received by any such lender or buyer in confidence and shall be used only for the foregoing purposes, and such lender or buyer shall acknowledge the same to Guarantor in writing (should Guarantor require such an acknowledgement) as a precondition to Guarantor's obligations under this Paragraph 15.

16. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord of any assignee in such Lease or any part thereof, whether by assignment or otherwise. So long as the Landlord's interest in or to the leased premises or the rents, issues and profits therefrom, or in, to or under said Lease, are subject to any mortgage or deed of trust or assignment for security, no acquisition by Guarantor of Landlord's interest in the leased premises or under said Lease shall affect the continuing obligation of Guarantor under this Guarantee which shall nevertheless continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment, or any purchase at sale by judicial foreclosure or under private power of sale, and of the successors and assigns of any such mortgagee, beneficiary, trustee, assignee or purchaser.

17. The term "Tenant" wherever hereinabove used refers to and means the Tenant in the foregoing Lease specifically named and also any assignee or sublessee of said Lease and also any successor to the interests of said Tenant, assignee or sublessee of such Lease or any part thereof, whether by assignment, sublease or otherwise.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

GUARANTOR:

INGRAM MICRO INC.,
A Delaware corporation

By: /s/ Mr. Paul H. LaPlante

Its: President

Ingram Micro, Inc.

EXHIBIT 10.103

ABSOLUTE ASSIGNMENT OF LEASE AND ASSUMPTION AGREEMENT FOR

INGRAM MICRO DISTRIBUTION FACILITY

THIS INSTRUMENT PREPARED BY:
William L. O'Callaghan, Esq.
O'Callaghan & Stumm LLP
Suite 1330, The Candler Building
127 Peachtree Street, N.E.
Atlanta, Georgia 30303

ABSOLUTE ASSIGNMENT OF LEASE AND ASSUMPTION AGREEMENT

THIS ABSOLUTE ASSIGNMENT OF LEASE AND ASSUMPTION AGREEMENT (the "Assignment"), made and entered into as of the 26/th/ day of September, 2001, by and between INGRAM MICRO L.P., a Tennessee limited partnership ("Assignor") and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Assignee");

W I T N E S S E T H:

WHEREAS, The Industrial Development Board of the City of Millington, Tennessee, a Tennessee not-for-profit corporation ("IDB"), as Lessor, and Lease Plan North America, Inc. ("Lease Plan") entered into that Bond Real Property Lease dated as of December 20, 1995, recorded at Instrument No. FN 4357 in the Register's Office of Shelby County, Tennessee (said Bond Real Property Lease, together with any and all modifications, extensions, replacements, amendments and renewals thereof are collectively referred to herein as the "Lease") relating to certain real property and the improvements thereon (the real property and improvements thereon are collectively referred to herein as the "Property") located in Shelby County, Tennessee;

WHEREAS, the interest of Lease Plan was assigned to Assignor by that certain Absolute Assignment of Lease and Assumption Agreement dated as of December 20, 2000, and recorded as Instrument No. KV 3970 in the Register's Office of Shelby County, Tennessee;

WHEREAS, Assignor represents and warrants that Assignor owns the rights, title and interest of the Lessee under the Lease;

WHEREAS, Assignor now desires to assign to Assignee the Assignor's leasehold interest in and to the Property, together with all other rights, title and interest existing under the Lease, including, but not limited to, all of Assignor's right, title and interest as Lessee under the Lease; and

WHEREAS, Assignee, in consideration of Assignor's assignment, has, except as otherwise set forth herein, agreed to assume the obligations and duties of Assignor existing under the Lease as Lessee under the Lease arising from and after the date hereof;

NOW, THEREFORE, for and in consideration of TEN DOLLARS ($10.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment of Lease. Assignor hereby assigns, transfers and sets over to Assignee all of Assignor's right, title and interest as Lessee under the Lease, together with all

credits, deposits, rights of refusal, options (including, but not limited to, any options to purchase or renew set forth in the Lease), benefits, privileges

and rights of Assignor under the Lease.

2. Assumption of Lease Obligations. Assignee hereby accepts the assignment set forth in Section 1 above, and further agrees to assume all of the obligations of Assignor under the Lease arising from and after the date hereof except to the extent such obligations relate to Assignor's continued use and occupancy of the Property.

3. Further Assurances. The parties hereby agree to execute such other documents and perform such other acts as may be reasonably necessary or desirable to carry out the intents and purposes of this Assignment.

4. Authority of Signatories. The individuals signing this Assignment on behalf of the parties hereto represent and warrant that they are authorized and empowered to execute this Assignment and to bind the party on whose behalf such individual signs this Assignment.

5. Binding Effect. This Assignment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and assigns.

6. Counterparts. This Assignment may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.

[SEPERATE SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE
TO
ABSOLUTE ASSIGMENT OF LEASE AND ASSUMPTION AGREEMENT

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

"ASSIGNOR"

INGRAM MICRO L.P., a Tennessee limited partnership

By: INGRAM MICRO INC., a Delaware corporation, its general partner

By: _____

Its: _____

"ASSIGNEE"

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

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

By: _____

Its: _____

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE, a Tennessee not-for-profit corporation, joins in the execution hereof to acknowledge its consent to the above assignment and assumption of Lease.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE

By: Tom Seale, Jr

Name: Tom Seale, Jr

Title: Chairman

/s/ Doris J. Smith

Notary Public

My Commission Expires: 2/10/2004

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, /s/ Doris J.Smith, a Notary Public in and for the State and County aforesaid, personally appeared Tom Seale Jr, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the Chairman of THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE, the within-named bargainor, a Tennessee not-for-profit corporation, and that he/she as such Chairman, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as such Chairman.

WITNESS my hand and seal at office, on this the 26/th/ day of September, 2001.

/s/ Doris J. Smith

Notary Public

My Commission Expires: 2/10/2004

STATE OF _____

COUNTY OF _____

Personally appeared before me, _____, a Notary Public in and for said State and County duly commissioned and qualified, _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that ___ executed the within instrument for the purposes therein contained, and who further acknowledged that ___ is the _____ of INGRAM MICRO INC. (the

"Constituent"), the sole general partner of INGRAM MICRO L.P., a Tennessee limited partnership (the "Maker") and is authorized by the Maker or by its Constituent, the Constituent being authorized by the Maker, to execute this instrument on behalf of the Maker.

WITNESS my hand, at office, this ____ day of _____, 2001.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____

COUNTY OF _____

Personally appeared before me, _____ , a Notary Public in and for said State and County duly commissioned and qualified, _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that ___ executed the within instrument for the purposes therein contained, and who further acknowledged that ___ is the _____ of WELLS REAL ESTATE INVESTMENT TRUST, INC. (the "Constituent"), the sole general partner of WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (the "Maker") and is authorized by the Maker or by its Constituent, the Constituent being authorized by the Maker, to execute this instrument on behalf of the Maker.

WITNESS my hand, at office, this ____ day of _____, 2001.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT 10.104

BOND REAL PROPERTY LEASE AGREEMENT FOR

THE INGRAM MICRO DISTRIBUTION FACILITY

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF MILLINGTON, TENNESSEE

(a Tennessee public nonprofit corporation)

TO

LEASE PLAN NORTH AMERICA, INC.

(an Illinois corporation)

BOND REAL PROPERTY LEASE

DATED AS OF DECEMBER 20, 1995

This instrument prepared by:

Baker, Donelson, Bearman & Caldwell
Twentieth Floor
First Tennessee Building
165 Madison Avenue
Memphis, TN 38103

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BOND REAL PROPERTY LEASE

THIS LEASE (the "Lease"), made and entered into as of December 20, 1995, by and between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE, a public nonprofit corporation organized and existing under the laws of the State of Tennessee (hereinafter called "Lessor"), and LEASE PLAN NORTH AMERICA, INC., an Illinois corporation (hereinafter called "Lessee");

W I T N E S S E T H:

WHEREAS, Lessor is a public nonprofit corporation and a public instrumentality of The City of Millington, and is authorized under Sections 7-53-101 to 7-53-311, inclusive, Tennessee Code Annotated, as amended (hereinafter called the "Act"), to acquire, whether by purchase, exchange, gift, lease, or otherwise, and to own, lease and dispose of properties for the public purpose of promoting industry and developing trade by inducing manufacturing, industrial, governmental, educational and commercial enterprises to locate in or remain in the State of Tennessee and further the use of its agricultural products and natural resources; and

WHEREAS, to induce Lessee to cause a distribution facility to be operated in Shelby County, Tennessee, Lessor has acquired land located in Shelby County, Tennessee, and the Lessor will construct on such land such facility in accordance with Lessee's requirements, and Lessor will lease said real property to Lessee on the terms and conditions hereof; and

WHEREAS, to obtain funds for such purposes Lessor will issue and sell to Lease Plan North America, Inc. (in its capacity as purchaser of the Bond, hereinafter referred to as the "Purchaser") its Industrial Development Revenue Note (Ingram Micro L.P.) Series 1995 (herein sometimes referred to as the "Bond") in the principal amount of not exceeding $22,000,000.00, under and pursuant to the Act, the Bond to be secured by a Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases dated as of the date hereof (the "Mortgage") from the Lessor to an individual trustee for the benefit of the Purchaser, and the proceeds from the sale of the Bond shall be deposited as, and withdrawn in the manner and for the purposes, hereinafter set forth; and

NOW, THEREFORE, Lessor, for and in consideration of the payments hereinafter stipulated to be made by Lessee, and the covenants and agreements hereinafter contained to be kept and performed by Lessee, does by these presents demise, lease and let unto Lessee, and Lessee does by these presents hire, lease and rent from Lessor, for the Term and upon the conditions hereinafter stated, the premises described in Schedule A attached hereto (hereinafter called the "Land") together with the

distribution facility and other related facilities and improvements thereon or hereafter constructed thereon and appurtenances thereto;

UNDER AND SUBJECT, however, to the encumbrances, if any, shown on Schedule B; and

UNDER AND SUBJECT to the following terms and conditions:

ARTICLE I

Definitions

Terms not defined herein shall have the meanings ascribed thereto in the Participation Agreement by and among Lessee, Sublessee and ABN Amro Bank, N.V., Atlanta Branch, of even date herewith (the "Participation Agreement"). In addition to the words, terms and phrases elsewhere defined in this Lease, the following words, terms and phrases as used in this Lease shall have the following respective meanings:

"Act" shall mean Sections 7-53-101 to 7-53-311, inclusive, of Tennessee Code Annotated, as amended.

"All Unpaid Installments" shall mean an amount equal to (i) the then unpaid principal amount of the Bond and all interest accrued or to accrue on and prior to the next succeeding date or dates on which the Lessor can pay or prepay the Bond, and (ii) any additional rental and any other amounts due or to become due hereunder prior to the time that the Bond is paid in full, including without limitation any unpaid fees and expenses of Lessor which are then due or will become due prior to the time that the Bond is paid in full.

"Authorized Lessee Representative" means the Authorized Sublessee Representative, except that Lessee may, by written notice to the Purchaser, designate an Authorized Lessee Representative in lieu of the Authorized Sublessee Representative.

"Authorized Sublessee Representative" means Paul H. LaPlante, Senior Director Facilities and Real Estate, except that Sublessee may, by written notice to the Purchaser, designate additional Authorized Sublessee Representatives or delete Authorized Sublessee Representatives.

"Basic Rent" shall mean the amounts described in Section 5.1 hereof.

"Bond" shall mean the $22,000,000.00 Industrial Development Revenue Note (Ingram Micro L.P.) Series 1995 issued by the Lessor.

"Bond Documents" shall mean the Bond, this Lease, the Mortgage, and the PILOT Agreement.

"Building" shall mean all improvements situated on the Land, as they now exist or may hereafter be modified.

"Business Day" means any day other than a Saturday, a Sunday, or a public holiday or the equivalent for banks generally in the State of Tennessee.

"Completion Date" means the date of receipt by the Purchaser of the last of the Certificates and other items required pursuant to the last paragraph of Section 3.3 hereof.

"Initial Basic Rent Payment" means the $294,172.50 payment due from the Lessee to the Lessor.

"Land" shall mean the real property described in Schedule A attached hereto which, by this reference, is incorporated herein.

"Lease" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more instruments supplemental hereto.

"Mortgage" shall mean the Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases dated as of the date hereof from the Lessor to a trustee for the benefit of the Purchaser.

"PILOT Agreement" shall mean the Payment in Lieu of Taxes Agreement between Lessor and Sublessee, of even date herewith.

"Prime Rate" shall mean the U.S. Prime Rate most recently published in The Wall Street Journal and, if more than one such Prime Rate is simultaneously so published, the highest of such rates or, if the Wall Street Journal ceases publishing such Prime Rate, the rate from time to time announced by Citibank, N.A. as its "Prime Rate" or "Base Rate".

"Project" shall mean the Land and the Building.

"Purchaser" shall mean Lease Plan North America, Inc., an Illinois corporation, as the original purchaser of the Bond, and any subsequent owner of the Bond.

"Sublease" shall mean that certain Master Lease of even date herewith between the Lessee, as lessor, and Sublessee, as lessee, or any other sublease by the Lessee permitted under Section 15.1 hereof.

"Sublessee" shall mean Ingram Micro, L.P. a Tennessee limited partnership, or other permitted sublessee under a Sublease.

"Term" shall mean the term described in Section 4.1.

ARTICLE II

Representations, Warranties and Covenants of Lessor and Lessee

2.1 Representations of Lessor. The Lessor is a public corporation and governmental instrumentality of the State of Tennessee and is duly incorporated, validly existing and in good standing under the laws of the State of Tennessee and is validly organized pursuant to the provisions of the Act. The Lessor is authorized and empowered by the provisions of the Act, and has all requisite corporate power and authority to execute and deliver and perform its obligations under this Lease. This Lease has been duly authorized, executed and delivered on behalf of the Lessor and constitutes valid and binding obligations of the Lessor in accordance with its terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally and general principles of equity. The execution, delivery and performance by the Lessor of this Lease will not contravene or constitute a default under any provision of applicable law or regulation, the certificate of incorporation or by-laws of the Lessor or of any material contract, agreement, judgment, order, decree, rule, regulation or other instrument binding on it in each case where the result thereof would have a material adverse effect on the ability of Lessor to perform hereunder.

2.2 Representations, Warranties and Covenants of Lessee. Lessee hereby represents and warrants to, and agrees and covenants with the Lessor and the Purchaser as follows:

(a) Organization and Good Standing. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and is duly qualified as a foreign corporation in the

State of Tennessee.

(b) Requisite Power and Authorization.

(i) This Lease constitutes the legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally and general principles of equity.

(ii) Lessee has all requisite power, authority and legal right to execute and deliver this Lease and all other instruments and documents to

be executed and delivered by Lessee pursuant hereto, to perform and observe the provisions thereof and to carry out the transactions contemplated thereby. All corporate action on the part of Lessee which is required for the execution, delivery, performance and observance by Lessee of this Lease has been duly authorized and effectively taken.

(iii) None of the execution and delivery of this Lease, consummation of the transactions contemplated hereby or compliance with the terms and conditions hereof will conflict with, constitute a breach of or a default under or violate, any material agreement or instrument to which Lessee is a party or by which Lessee or any of Lessee's property is bound, or any existing law, administrative regulation, court order or consent decree applicable to Lessee, in each case where the result thereof would have a material adverse effect on the ability of Lessee to perform hereunder.

(iv) There is no action, suit or proceeding at law or in equity or by or before any governmental agency or authority or arbitral tribunal now pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee or any of its properties or rights which might adversely affect the validity of this Lease or the transactions contemplated hereby.

ARTICLE III

Commencement and Completion of Project; Issuance of the Bond; Compliance with Laws; Lessee's Acceptance; Permitted Contests; Assignment of Lessor's Rights

3.1 Agreement to Acquire, Construct and Equip the Project. Subject to the provisions of Section 3.5 hereof Lessor agrees that:

(a) It has acquired the Land.

(b) Except for agreements previously executed by Sublessee and Lessor, it shall not execute any contract for or with respect to the construction of the Project or any part thereof without the prior written approval of Lessee.

(c) Before entering into any contract for the construction of the Building or any part thereof, it will cause the contractor to execute and deliver (i) any bond required by Tenn. Code Ann. (S) 12-4-101 et seq. and (ii) such other bond as Lessee may request.

Lessor agrees that it will enter into, or accept the assignment of, such contracts as Lessee or Sublessee may request in order to effectuate the purposes of this Section but that it will not execute any other contract or give any

order for such construction and

acquisition of the Project unless and until Lessee or Sublessee shall have approved the same in writing.

Lessor hereby makes, constitutes and appoints Sublessee as its true and lawful agent, (a) to construct the Project, (b) to make, execute, acknowledge and deliver any contracts, order, receipts, writings and instructions, either in the name of the Sublessee solely or as the stated agent for Lessor, with any other persons, firms or corporations, and in general to do all things which may be requisite or proper, all for the construction of the Project with the same powers and with the same validity as Lessor could do if acting in its own behalf, (c) pursuant to the provisions of this Lease, to pay all fees, costs and expenses incurred in the construction of the Project from funds made available therefor in accordance with this Lease, and (d) to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to Lessor under the terms of any contract, order, receipt, writing or instruction in connection with the construction of the Project, and to enforce the provisions of any contract, agreement, obligation, bond or other performance security. So long as Lessee is not in default under any of the provisions of this Lease, this appointment of Sublessee to act as agent and all authority hereby conferred are granted and conferred irrevocably to the Completion Date and thereafter until all activities in connection with the construction of the Project shall have been completed, and shall not be terminated prior thereto by act of Lessor or of Lessee or by operation of law.

Lessee agrees, pursuant to the authority and power granted in the preceding paragraph, promptly to commence construction of the Project and to proceed with such acquisition and renovation with due diligence, in a good and workmanlike manner and in compliance with all legal requirements, ordinances and restrictions, and to complete such construction within 2 years after the date hereof.

Lessor agrees to use its best efforts to cause the construction of the Project to be completed with all reasonable dispatch and in accordance with the schedule desired by the Sublessee.

Lessee shall, on behalf of Lessor, pay all costs and fees incurred by Lessor in connection with the issuance of the Bond, and to the extent that the proceeds of the Bond are available therefor Lessee shall be reimbursed for payment of such costs and fees and for such reimbursement pursuant to Section 3.3 hereof.

3.2 Agreement to Issue Bond; Application of Bond Proceeds. In order to provide funds for payment of the costs of the construction provided for in Section 3.1 hereof, Lessor agrees that it will sell at par and cause to be delivered to the Purchaser the Bond in the original principal amount not exceeding $22,000,000.

3.3 Use of Proceeds. The proceeds of the Bond will be deposited by the Purchaser, on behalf of Lessor, in a separate demand deposit account (the "Construction Fund") to be established by Lessee with a bank of its choice and withdrawals therefrom shall be made by the Lessee only for the payment of, or reimbursement of Lessee for payment of, the following costs and expenses:

(a) The fees, taxes and expenses for recording or filing any of the Bond Documents; the fees, taxes and expenses for recording or filing any financing statements and any other documents or instruments that either the Lessor or the Purchaser may deem desirable to file or record in order to

perfect or protect the lien of any of the Bond Documents:

(b) The legal and fiscal fees and expenses incurred in connection with the authorization and issuance of the Bond, the preparation of the Bond Documents, and all other documents in connection therewith;

(c) The fees for architectural, engineering and supervisory services with respect to the Project;

(d) All costs in connection with the construction of the Building;

(e) All costs payable under Section 9.3 hereof; and

(f) Any other costs and expenses relating to the Project which would constitute a cost or expense for which Lessor may issue bonds under the provisions of the Act.

Deposits into the Construction Fund shall be made by the Purchaser only upon receipt by it of (i) a request for such deposit by Sublessee, and (ii) a certification by Sublessee that such deposit is properly payable from the proceeds of the sale of the Bond in accordance with this Section 3.3, the requirements of the Operative Documents (with respect to an Advance under the Participation Agreement) have been met, that none of the items for which the deposit is proposed to be made has formed the basis for any payment theretofore made from the proceeds of the sale of the Bond, and, with respect to any reimbursement sought by Lessee, that it has incurred and paid costs in that amount for the construction of the Project or the issuance of the Bond. Unless the Purchaser consents to the contrary, disbursements shall not be made more often than twice per month and only after the Purchaser has been in receipt of the disbursement request and the other items required by this paragraph for three (3) days. Any payment of proceeds of the Bond made to the Lessee shall constitute reimbursement of the costs certified by the Lessee or Sublessee to have been paid.

Notwithstanding the foregoing, whenever there shall exist an Event of Default hereunder, or whenever the Purchaser reasonably determines that the unfunded portion of the Bond will be insufficient to pay the costs required to complete the Project, the Purchaser shall not be required to make any further deposits into the Construction Fund.

Nothing contained in this Lease or in any related document shall impose upon the Lessor or the Purchaser any obligation to see to the proper application of the proceeds of the Bond disbursed in accordance with the terms hereof.

Upon completion of the construction of the Project, Lessee shall cause all costs and expenses in connection therewith to be paid, and shall deliver to the Purchaser a certificate signed by the Authorized Lessee Representative that (i) construction of the Building has been completed in all respects and all costs of labor, services, materials and supplies used in such renovation have been paid, and (ii) all other facilities necessary in connection with the Project have been acquired and constructed and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. No proceeds of the Bond shall be disbursed after receipt of such items and certificate.

3.4 Lessee Required to Pay Construction Costs in Event Bond Proceeds Insufficient. In the event the proceeds of the Bond available for payment of the costs of the Project and the other costs, fees and expenses listed in Section 3.3 should not be sufficient to pay the same in full, Lessee agrees to complete the Project and pay all that portion of the costs of the Project and the other costs, fees and expenses listed in Section 3.3 as may be in excess of

the monies available therefor from the proceeds of the sale of the Bond. Lessor does not make any warranty, either express or implied, that the proceeds of the Bond which, under the provisions of this Lease, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection.

3.5 Lessor to Pursue Remedies Against Contractors, Subcontractors and Suppliers and Their Sureties. In the event of default of any contractor, subcontractor or supplier under any contract made by it in connection with the Project or in the event of breach of warranty with respect to any material, workmanship or performance guarantee, Lessor will at the request of Lessee promptly proceed (subject to Lessee's advice to the contrary, and subject to Lessor's rights of indemnity and reimbursement set forth in the Indemnity Agreement, of even date herewith, in favor of the Lessor), either separately or in conjunction with others, to exhaust the remedies of Lessor against the contractor, subcontractor or supplier so in default and against each surety for the performance of such contract. Lessee agrees to advise Lessor of the steps it intends to take in connection with any such default. If Lessee shall so notify Lessor, Lessee may, in its own name or in

the name of Lessor, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event Lessor hereby agrees to cooperate fully with Lessee and to take all action necessary to effect the substitution of Lessee for Lessor in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing (a) if Lessee has corrected, at its own expense, the matter which gave rise to such default or breach, shall be paid to Lessee or (b) if Lessee has not corrected, at its own expense, the matter which gave rise to such default or breach, shall be paid to the Purchaser as a prepayment on the Bond.

3.6 Use of Leased Property. Lessee is hereby granted and shall have the right during the Term to occupy and use the Leased Property as a distribution facility. Lessor agrees that at Lessee's request and expense it will use all reasonable efforts to insure that such uses are and will continue to be lawful uses under all applicable zoning laws and regulations.

3.7 Lessee's Acceptance of Leased Property. With regard to Lessor, Lessee accepts the Project in its condition on the date of the commencement of the Term, and assumes all risks, if any, resulting from any present or future latent or patent defects therein or from the failure of the Project to comply with all legal requirements applicable thereto, reserving, however, any and all rights of Lessee with respect to parties other than Lessor.

3.8 Assignment of Lessor's Rights. Concurrently with the execution of this Lease, Lessor will enter into the Mortgage pursuant to which the Lessor will assign to the Purchaser Lessor's rights under this Lease as security for, among other things, the payment of the Bond. Lessee hereby consents to such assignment and agrees to make all payments to Lessor required hereunder (other than the Initial Basic Rent Payment) directly to the Purchaser without defense or set-off by reason of any dispute between Lessee and Lessor. Lessee shall pay the Initial Basic Rent Payment to Lessor, and Purchaser shall have no right to receive such payment. Lessee further agrees that upon such assignment the Purchaser shall be entitled to enforce the provisions of this Lease without regard to whether the Lessor is then in default with respect to the Bond. Lessor and Lessee further acknowledge that the execution and delivery of the Mortgage will not constitute the merger of all of the interests in the Lease in Lessee or the extinguishment of the Lease. Assignment of this Lease shall in no event constitute a merger of the estate or interest of the Lessee hereunder with the estate or interest of (a) the Lessor hereunder or (b) Purchaser as assignee

of Lessor.

3.9 Authorized Lessee Representatives. Anything herein contained to the contrary notwithstanding, any notice, request, direction or similar communication of Lessee required or permitted under this Article III shall be executed by an Authorized Lessee Representative on behalf of the Lessee, and the Purchaser and Lessor shall not

be obligated to accept or act upon any such notice, request, direction or other communication unless it is made by an Authorized Lessee Representative on behalf of the Lessee.

3.10 Compliance with Laws; Lessee's Acceptance of Project. Subject to the provisions of Section 16.2, Lessee shall throughout the Term and at no expense to Lessor promptly cure any violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become applicable to the Project, the repair and alteration thereof, including, without limitation, the Building and the use or manner of use of the Project, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change of governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof; provided, however, that if after the Bond has been paid in full, Lessee, in lieu of compliance with such laws, orders, rules, regulations and requirements, or the making of such additions, changes or alterations, may elect to terminate this Lease, and, in such event shall have no further liability hereunder.

ARTICLE IV

Lease Term

4.1 Term. Subject to the provisions contained in this Lease, this Lease shall be in full force and effect for a Term commencing on the date hereof and ending at midnight December 31, 2026 (or, if such date is not a Business Day, ending the next Business Day); provided, however, that Lessee's obligations hereunder shall survive until principal of and interest on the Bond are paid in full.

Notwithstanding the foregoing, the Term of this Lease may be terminated by Lessee upon (i) payment to Purchaser, as assignee under this Lease, of an amount equal to All Unpaid Installments, and (ii) written notice to Lessor and Purchaser.

ARTICLE V

Rent

5.1 Basic Rent. Lessee will pay to Lessor without notice or demand, in immediately available funds, on the date hereof the Initial Basic Rent Payment, and thereafter, as Basic Rent on December 1, 1996 and on the first day of each December thereafter during the Term (or, if any such date is not a Business Day on the next Business Day together with interest through such date), an amount equal to the principal of and interest on the Bond due on such date; provided, that until the Bond has been paid in full, all such payments and all advance payments of rent (other than the Initial

Basic Rent Payment) shall be made to the Purchaser, as assignee of the Lessor's rights hereunder. Any payment of rent hereunder made by Lessee to Purchaser for the benefit of Lessor shall be deemed paid to Lessor as if delivered to Lessor. All Basic Rent paid hereunder shall be absolutely net to Lessor, free of any taxes, costs, expenses, liabilities, charges or other deduction whatsoever with respect to the Project and the possession, operation, maintenance, repair, rebuilding or use thereof, or of any portion thereof, so that this Lease shall yield such Basic Rent net to or for the account of Lessor throughout the Term. Upon full prepayment of All Unpaid Installments to the Purchaser, the Lessee shall have no further obligation to pay Basic Rent during the remaining portion of the Term hereof.

5.2 Advance Payment of Rent. The Lessee may at any time without notice or penalty, at its option, pay in advance all or any portion of any installment or installments of Basic Rent to become due hereunder. Any such prepayment shall be applied first to accrued interest on the Bond and the remainder, if any, to principal installments on the Bond in the inverse order of maturity, without penalty or premium. Upon full prepayment of All Unpaid Installments, the Lessee shall have no further obligation to pay Basic Rent during the remaining portion of the Term hereof.

5.3 Additional Rent. Lessee agrees to pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay, except that the liquidated damages referred to in Sections 20.2 and 20.3 shall not constitute additional rent. In the event of any failure on the part of Lessee to pay any such amounts, liabilities or obligations, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of the Basic Rent.

5.4 Net Lease. This Lease is a "net lease" and the Basic Rent, additional rent and all other sums payable hereunder to or for the account of Lessor shall be paid promptly and without set-off, counterclaim, abatement, suspension, deduction, diminution or defense.

ARTICLE VI

Rent Absolute; State of Title

6.1 No Termination or Abatement for Damage or Destruction, Etc. Except as otherwise expressly provided herein, and until the Bond has been paid in full, this Lease shall not terminate, nor shall Lessee have any right to terminate this Lease or be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected, by reason of any damage to or the destruction of all or any part of the Project from whatever cause, the loss or theft of the Project or any part thereof, the taking of the Project or any portion thereof by condemnation or otherwise, the prohibition, limitation or restriction of Lessee's use of

the Project, or the interference with such use by any private person or corporation, or by reason of any eviction by paramount title or otherwise, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Basic Rent and additional rent reserved hereunder shall continue to be payable in all events and the obligations of Lessee hereunder shall continue unaffected, unless the requirement to pay or perform the same shall be terminated pursuant to an express provision of this Lease.

Lessee acknowledges that Lessor has made no representations as to the condition of the Project. This Lease shall not terminate, nor shall Lessee have

any right to terminate this Lease, or be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected, by reason of or due to the condition of the Project.

The obligations of Lessee to make the payments required in Article V and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional. Until such time as the principal of and interest on the Bond shall have been fully paid, Lessee (i) will not suspend or discontinue any payments provided for in Article V, (ii) will perform and observe all of its other agreements contained in this Lease and (iii) except as provided in Article XXI will not terminate this Lease for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, or any change in the tax or other laws of the United States of America, the State of Tennessee or any political subdivision thereof.

6.2 No Termination for Insolvency, Etc. of Lessor. Lessee covenants and agrees that it will remain obligated under this Lease in accordance with its terms, and that Lessee will not take any action to terminate, rescind or avoid this Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceedings affecting Lessor or any assignee of Lessor in any such proceeding and notwithstanding any action with respect to this Lease which may be taken by any trustee or receiver of Lessor or any assignee of Lessor in any such proceeding, or by any court in any such proceeding. Lessor covenants and agrees that it will not voluntarily submit to any bankruptcy, insolvency, reorganization, composition, readjustment, action for appointment of a receiver, liquidation, dissolution, winding-up or other proceeding affecting it or any assignee under this Lease without the prior written consent of Lessee, so long as Lessee is not in default hereunder.

6.3 Waiver of Rights by Lessee. Except as provided in Article XV hereof until such time as the principal of and interest on the Bond shall have been paid in full, Lessee waives, to the extent legally permissible, all rights now or hereafter conferred by law (i) to quit, terminate or surrender this Lease or the Project or any part thereof, or (ii) to any abatement, suspension, deferment or reduction of the Basic Rent or additional

rent or any other sums payable under this Lease, except as otherwise expressly provided herein, regardless of whether such rights shall arise from any present or future constitution, statute or rule of law.

6.4 Condition and Title of Project. Lessee acknowledges that it has examined the premises described in Schedule A attached hereto and the state of Lessor's title thereto prior to the making of this Lease and knows the condition and state thereof as of the first day of the term of this Lease, and accepts the same in said condition and state; that no representations as to the condition or state thereof have been made by representatives of Lessor; and that Lessee in entering into this Lease is relying solely upon its own examination thereof. Lessor shall not be liable to Lessee for any damages resulting from failure of or any defect in Lessor's title to the Land which interferes with, prevents or renders burdensome the use of the Project or the compliance by Lessee with any of the terms of this Lease, or from delay in obtaining possession of all or any part thereof, from any cause whatsoever (except to the extent arising out of Lessor's breach of its obligations under Section 6.5 or 8.1 hereof), and no such failure of or defect in Lessor's title or delay shall terminate this Lease or entitle Lessee to any abatement, in whole or in part, of any of the rentals or any other sums provided to be paid by Lessee pursuant to any of the terms of this Lease.

Lessor makes no warranty, either express or implied, that the Project will

be suitable for Lessee's purposes or needs.

6.5 No Conveyance of Title by Lessor. Lessor covenants and agrees that, during the Term of this Lease and if Lessee shall then not be in default under this Lease, it will not convey, or suffer or permit the conveyance of, by any voluntary act on its part, its title to the Project to any person, firm or corporation whatsoever, irrespective of whether any such conveyance or attempted conveyance shall recite that it is expressly subject to the terms of this Lease; provided, however, that nothing herein shall restrict the conveyance or transfer of the Project in accordance with any terms or requirements of this Lease or the execution and delivery of the Mortgage.

ARTICLE VII

Taxes and Other Charges

7.1 Payment by Lessee - General. Lessee agrees, subject to the provisions of Section 16.2, to pay and discharge, as additional rent, punctually as and when the same shall become due and payable, each and every cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which Lessor or Lessee is or shall become liable by reason of its estate or interest in the Project or any portion thereof, by reason of any right or interest of Lessor or Lessee in or under this Lease, or by reason of

or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding or use of the Project.

7.2 Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 16.2, to pay and discharge, as additional rent, punctually as and when the same shall become due and payable without penalty, all real estate taxes, personal property taxes, business and occupation taxes, occupational license taxes, water charges, sewage charges, assessments (including, but not limited to, assessments for public improvements or benefits) and all other governmental taxes, impositions and charges of every kind and nature, extraordinary or ordinary, general or special, unforeseen or foreseen, whether similar or dissimilar to any of the foregoing, which at any time during the Term shall be or become due and payable by Lessor or Lessee and which shall be levied, assessed or imposed:

(i) upon, or which shall be or become liens upon, the Project or any portion thereof or any interest of Lessor or Lessee therein or under this Lease or upon the rents payable hereunder;

(ii) upon or with respect to the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any portion thereof; or

(iii) upon this transaction or any document to which Lessee is a party creating or transferring an interest or an estate in the Project;

under and by virtue of any present or future law, statute, regulation or other requirement of any governmental authority, whether federal, state, county, city, municipal or otherwise; provided, however, Lessee shall have no liability (a) for any tax, charge, assessment or imposition attributable to properties or operations of Lessor not involving the Project, or (b) with respect to payment of any income taxes or similar taxes imposed upon Lessor for any period during which no part of the Bond is unpaid. It is the intention of the parties hereto that, insofar as the same may be lawfully done, Lessor shall be free from all costs, expenses and obligations and all such taxes, water charges, sewer charges, assessments and all such other governmental impositions and charges, and that this Lease shall yield net to Lessor not less than the Basic Rent and

any additional rent due hereunder throughout the Term.

7.3 Lessee Subrogated to Lessor's Rights. To the extent of any payments of additional rent by Lessee under this Article VII, Lessee shall be subrogated to Lessor's rights in respect to the proceedings or matter which cause the Basic Rent to be insufficient and any recovery by Lessor or release to Lessor of moneys in such proceedings or matter shall be used to reimburse Lessee for the amount of such

additional rent so paid by Lessee, provided always that the Basic Rent is paid in the manner and at the time herein set forth.

7.4 Utility Services. Lessee agrees to pay or cause to be paid all proper charges for gas, water, sewer, electricity, light, heat, power, telephone, and other utility services used, rendered or supplied to, upon or in connection with the Project. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other user of the Project any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind.

7.5 Fees and Expenses of Lessor. Lessee agrees to pay as additional rent, or cause to be paid, the reasonable expenses of Lessor relating to the Project or to Lessor's rights or obligations hereunder, whether or not such fees or expenses are payable before the commencement of, during, or after the expiration of the Term.

7.6 Proof of Payment. Lessee covenants to furnish to Lessor, promptly upon request, proof of the payment of any tax, assessment, and other governmental or similar charge, and any utility charges, which is payable by Lessee as provided in this Article.

7.7 Proration. Upon expiration or earlier termination of this Lease (except for the termination hereof pursuant to the provisions of Article XVII) taxes, assessments and other charges which shall be levied, assessed or become due upon the Project or any part thereof shall be prorated to the date of such expiration or earlier termination.

7.8 Payments in Lieu of Taxes. The Lessor and the Lessee recognize that under present law, including specifically Section 7-53-305 of Tennessee Code Annotated, that properties owned by the Lessor are exempt from all taxation in the State of Tennessee. However, Sublessee has entered into an agreement for payments in lieu of ad valorem taxes with the Lessor requiring it to make certain payments in lieu of taxes with respect to the Project.

ARTICLE VIII

Liens

8.1 Permitted Liens. Subject to the provisions of Sections 15.1 and 16.2 herein, Lessee and Lessor will not create or permit to remain, and will discharge, any lien, encumbrance or charge (other than a lien, encumbrance or charge created or accepted by Lessor at the time of acquiring title or any lien to secure the Bond in accordance with the terms of the Mortgage) upon the Project or any part thereof or upon Lessor's or Lessee's respective interest therein without the prior written consent of the Purchaser; provided that the existence of any tax, mechanic's, laborer's, materialman's, supplier's or

vendor's lien or right in respect thereof shall not constitute a violation of this Section 8.1 if payment is not yet due and payable with respect to such claim.

ARTICLE IX

Indemnification and Non-Liability of Lessor

9.1 General. Lessee covenants and agrees, at its expense, to pay, and to indemnify and save Lessor and the Purchaser harmless against and from any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the occupation, use, possession, conduct or management of or from any work done in or about the Project or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Project or the occupancy or use thereof. Lessee also covenants and agrees, at its expense, to pay, and to indemnify and save Lessor harmless against and from, any and all claims arising from (i) any condition of the Project, (ii) any breach or default on the part of Lessee in the performance of any covenant or agreement to be performed by Lessee pursuant to this Lease, (iii) any act or negligence of Lessee, or any of its agents, contractors, servants, employees or licensees, or (iv) any accident, injury or damage whatever caused to any person, firm or corporation in or about the Project and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section. In the event that any action or proceeding is brought against Lessor or Purchaser by reason of any such claims, Lessee, upon notice from Lessor or Purchaser, covenants to resist or defend such action or proceeding at no cost to Lessor.

9.2 Costs of Repossession. Lessee covenants and agrees to pay, and to indemnify Lessor and the Purchaser against, all costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in obtaining possession of the Project after default of Lessee or upon expiration or earlier termination of any term hereof, or in enforcing any covenant or agreement of Lessee contained in this Lease.

9.3 Expenses Paid by Lessee. The Lessee will pay or cause to be paid in full all reasonable out-of-pocket expenses of the Lessor and the Purchaser incurred in connection with the execution and delivery of this Lease and the Mortgage and the consummation of the transactions contemplated by such documents, including but not limited to (i) the reasonable fees and disbursements of the Lessor's counsel, Purchaser's counsel and bond counsel, (ii) all taxes (other than income taxes) applicable to such transactions, (iii) all present and future recording and filing fees and taxes, and (iv) all expenses incident to the preparation of the Mortgage, the Bond and the Lease and any waivers, amendments, modifications or enforcement of the terms or provisions thereof, or consents thereunder.

9.4 Survival. Lessee's obligations under this Article IX shall survive the termination or expiration of this Lease.

ARTICLE X

Insurance

10.1 Insurance in General. Lessee shall, at its expense, keep the Project

continuously insured against such risks as are customarily insured against by businesses of like size and type engaged in the same or similar operations (other than business interruption insurance) including, without limiting the generality of the foregoing, the insurance coverage required by Sections 10.2 and 10.3. Each insurance policy required under this Article X shall be provided by Tennessee Insurance Company or by another insurer (or insurers) as shall be financially responsible, qualified to do business in Tennessee, and of recognized standing. Each policy of insurance obtained in satisfaction of this Section 10.1 shall be in form and have such provisions (including without limitation the loss payable clause, the deductible amount, if any, and the standard, mortgagee endorsement clause) as are generally considered standard provisions for the type of insurance involved and are acceptable in all respects to the Purchaser.

10.2 Fire and Extended Coverage. Lessee shall, at its expense, cause the Building to be insured against loss or damage by fire, with uniform broad form extended coverage endorsement covering loss or damage by lightning, windstorm, explosion, aircraft, smoke damage, vehicle damage, sprinkler leakage, vandalism, malicious mischief and such other hazards as are normally covered by such endorsement in such amount that the proceeds of such insurance, in the event of the total destruction of the Building, will at least be sufficient to retire the Bond, or in the amount of 100% of the insurable value of the Building (if insurance is obtainable to such an amount, and, if not, to such an amount as is obtainable), whichever shall be less (with deductible provisions not to exceed $500,000). For purposes of this Lease, insurable value shall mean actual replacement value.

10.3 Public Liability. Lessee shall, at its expense, cause to be maintained general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Project, and the adjoining sidewalks and passageways, such insurance to afford protection to Lessor of not less than $2,000,000 per occurrence for third party bodily injury and property damage. Policies for such insurance shall be for the mutual benefit of Lessor and Lessee.

10.4 Loss Payable. All policies of insurance required by Section 10.2 hereof shall name Lessor, Lessee and Purchaser as additional insureds as the respective interest of each of such parties may appear, and shall provide that the proceeds of such insurance shall be payable to the Lessor, Lessee and the Purchaser, as their interests may appear,

under a standard mortgage loss payable clause; provided, however, that in the absence of an Event of Default hereunder, payment shall be made by the insurance company directly to any sublessee of Lessee by check payable solely to such sublessee or order. All such proceeds shall be held and disbursed as provided herein. All such policies shall, to the extent obtainable, provide that any loss shall be so payable notwithstanding any act or negligence of Lessee or any sublessee or assignee of Lessee which might otherwise result in a forfeiture of said insurance.

10.5 Evidence of Existence; Modification of Policies. Certificates from the insurers evidencing the existence of all policies required under Sections 10.1 through 10.3 shall be filed with Lessor and the Purchaser, and such policies of insurance shall contain an undertaking by the respective insurers that such policies shall not be modified adversely to the interests of Lessor or the Purchaser and that such policies shall not be cancelled without at least thirty (30) days' prior written notice to Lessor and to the Purchaser. Prior to the expiration dates of the policies, originals of the renewal policies (or certificates therefor from the insurers evidencing the existence thereof) shall be deposited with Lessor and the Purchaser, or the Lessee shall provide Lessor

and the Purchaser with evidence satisfactory to Lessor and the Purchaser that such policies or certificates are no longer required by the Lease.

10.6 Adjustment of Claims. Any claims under the policies of insurance described in this Article shall be adjusted by the Lessee or its designee (at Lessee's or such designee's expense), and the decision of the Lessee as to any adjustment shall be final and conclusive; provided, that the proceeds from such insurance shall be applied pursuant to the terms of this Lease.

10.7 Blanket Policies. Nothing in this Article shall prevent Lessee or its designee from including the insurance required by Sections 10.1 through 10.3 within one or more blanket policies of insurance; provided, however, that in no event shall the insurance coverage provided under any such blanket policy and applicable to the Project be less than the amount and type of coverage otherwise required to be provided by Lessee or its designee pursuant to the provisions of this Article.

10.8 Advances by Lessor or the Purchaser. In the event that the Lessee shall fail to maintain or cause to be maintained, the full insurance coverage required by this Lease or shall fail to keep the Project in good repair and good operating condition, as required by Article XI of this Lease, the Lessor or the Purchaser may (but shall be under no obligation to), after 10 days' written notice to the Lessee, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and the Lessee agrees to reimburse the Lessor and the Purchaser to the extent of the amount so advanced by them or any of them with interest thereon at a rate per annum equal to the Prime Rate plus two percent (2%), or the maximum rate permitted by applicable law, whichever is lower, from the date of advance

to the date of reimbursement. Any amount so advanced by the Lessor or the Purchaser shall become an additional obligation of the Lessee, shall be payable upon demand and shall be deemed a part of the obligation of the Lessee evidenced and secured by this Lease.

ARTICLE XI

Maintenance and Repair

11.1 Maintenance of Building. Lessee, at its expense, will keep and maintain the Building in good repair and appearance, ordinary wear and tear excepted. Lessee shall promptly make, or cause to be made, all repairs, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary to keep the Building in good and lawful order and condition, wear and tear from reasonable use excepted, whether or not such repairs are due to any law, rules, regulations or ordinances hereafter enacted which involve a change of policy on the part of the governmental body enacting the same, provided, however, that if the Bond has been paid in full, Lessee, in lieu of making any structural or extraordinary repairs required during the Term, may elect to terminate this Lease pursuant to Section 4.1(b), and in such event Lessee shall have no further rights or obligations hereunder.

11.2 Lessor Not Required to Repair. Lessor shall not be required to make any repairs, replacements or renewals of any nature or description to the Project or to make any expenditures whatsoever in connection with this Lease or to maintain the Project in any way. Lessee expressly waives the right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor.

ARTICLE XII

Condemnation

12.1 Awards Assigned to Purchaser. If, during the Term, all or any part of the Project be taken by the exercise of the power of eminent domain or condemnation, or sold under threat of condemnation, Lessee shall, subject to all the terms of this Article, be entitled to, and shall receive, the entire award for the taking. So long as the Bond has not been paid in full, Lessor hereby irrevocably assigns all its right, title and interest in and to such award or awards to the Purchaser, and Lessor and Lessee shall immediately pay the same to the Purchaser and any such award or awards shall be held and disbursed as provided herein.

12.2 Condemnation of All or Material Part of Project.

(a) If title to, or the temporary use or control of, all or substantially all of the Project, shall be taken by the exercise of the power of eminent domain or condemnation, or sold under the threat of condemnation, or if such use or control of a substantial part of the Project shall be so taken or so sold as results in rendering the Project unsatisfactory to Lessee for the purposes for which the same was used immediately prior to such taking or condemnation (to be determined in the sole judgment of Lessee), Lessee shall purchase for cash Lessor's interest in the award or payment for such taking or sale and in the remaining portion of the Project not taken or sold, if any, and such purchase shall be made as of the first day of the first month occurring subsequent to sixty (60) days after the effective date of such taking or sale. The purchase price for Lessor's interest in such award or payment for such taking or sale and in the remaining portion of the Project not taken or sold, if any, shall be determined as set forth in Section 21.1 hereof. Lessee shall deliver to Lessor and the Purchaser at least thirty (30) days before the date of purchase a certificate, signed by an Authorized Lessee Representative, to the effect that title to, or the temporary use or control of, all or substantially all of the Project has been taken by the exercise of the power of eminent domain or condemnation or sold under the threat of the exercise of such power.

(b) On the date of purchase the purchase price shall be paid as follows:

(i) an amount equal to the unpaid principal amount of the Bond and interest accrued thereon to the purchase date shall be paid to the Purchaser as the assignee of the Lessor to be applied to the payment of corresponding amounts of principal of and interest on the Bond; and

(ii) the balance of the purchase price shall be paid to the Lessor.

Upon payment of the purchase price in cash, Lessor shall convey Lessor's interest in the remaining portion, if any, of the Project to Lessee, subject to and pursuant to Article XXI, and the Purchaser shall assign and pay over the entire amount of the Lessor's and the Lessee's interest in the award for the taking or proceeds of the sale to the Lessee, less any expenses incurred by the Lessor in collecting such award or proceeds (hereinafter called the "Net Award").

12.3 Condemnation of Less than Material Part of Project.

(a) If a lesser portion of the Project be taken by exercise of the power of eminent domain or condemnation or sold under the threat of condemnation, this Lease shall nevertheless continue in full force and effect without abatement of rent (except such rental reduction as results from a partial prepayment of the Bond) and if such taking or sale shall have caused damage to, or necessitated restoration or rebuilding of, any of the

improvements on the Land, Lessee, at its sole cost and expense, may at its option restore such improvement to such condition as shall be reasonable in view of the nature of the taking or the sale and the then intended use of the Project by Lessee, whether or not the award for the taking or the proceeds from a sale under threat of condemnation are sufficient for the purpose. Except as provided in Section 12.3(b) hereof, if the Lessee shall not elect to so restore the Project, the Lessee shall purchase for cash the remaining portion of the Project and such purchase shall be made as of the first day of the first month occurring subsequent to sixty (60) days after the effective date of such taking or sale. The Lessee shall deliver to the Lessor and the Purchaser at least thirty (30) days before such date a certificate signed by an Authorized Lessee Representative to the effect that such lesser portion of the Project has been taken or sold and stating whether or not the Lessee is exercising its option to restore the Project. If the Lessee shall not elect to so restore the Project, the Lessee, the Lessor and the Purchaser shall proceed as provided in Section 12.2(b). If the Lessee shall elect to restore the Project, the Lessee shall promptly begin and diligently proceed with such restoration.

(b) So long as the Bond has not been paid in full, upon the filing by the Lessee with the Lessor and the Purchaser of a certificate stating that the restoration and rebuilding required by this Section 12.3 has been completed and the costs thereof or stating that such restoration or rebuilding is not required, as the case may be, the Purchaser shall assign and pay over to the Lessee the cost of such restoration and rebuilding, if any, as if so certified up to the full amount of the Net Award; provided, however, that the Purchaser shall be authorized to make progress payments to the Lessee from time to time upon certification by the Lessee that it is proceeding to so rebuild, restore, replace or repair and that the amount requested does not exceed the amount expended to date for such purpose. If there shall remain any balance of the proceeds of such taking or sale under threat of condemnation, the Purchaser shall apply the balance to the prepayment of principal installments of the Bond in the inverse order of maturity. In the event the Bond has been paid in full, the Purchaser shall assign and pay over to the Lessee any such balance. In lieu of such rebuilding or restoring as herein provided, the Lessee may direct that the entire amount of the Net Award be applied by the Purchaser to the prepayment of principal installments of the Bond in the inverse order of maturity.

If any taking or sale of the character referred to in this Section shall occur when no part of the Bond is unpaid, or if the amount of the proceeds of such taking or sale under threat of condemnation, together with other sums available for such purpose, is sufficient to pay in full all amounts owed on the Bond, Lessee, in lieu of restoring as herein provided, may elect to terminate this Lease, and in such event this Lease shall terminate, neither party shall have any further liability hereunder, and all such proceeds shall be retained by Lessee; subject, however, to the payment to the Purchaser of such part thereof as shall be required in order to pay in full the remaining unpaid amounts on the Bond.

12.4 Notice of Condemnation. In the case of any taking or proposed taking of all or any part of the Project, the Lessee shall, upon receipt of notice of such taking or proposed taking, give prompt notice to the Lessor and the Purchaser. Each such notice shall describe generally the nature and extent of such taking, loss, proceeding or negotiations.

ARTICLE XIII

Casualty

13.1 Lessee to Rebuild or Repair.

(a) If during the Term all or any part of the Project shall be destroyed or damaged, the Lessee shall promptly notify the Lessor and the Purchaser, and at the Lessee's sole cost and expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for the purpose) the Lessee may at its option rebuild, restore, replace and repair the same to such condition as shall be reasonable in view of the nature of the casualty and the then intended use of the Project by Lessee. Except as provided in Section 13.1(b) hereof, if the Lessee shall not elect to so restore the Project, the Lessee shall purchase for cash the remaining portion of the Project, and such purchase shall be made as of the first day of the first month occurring subsequent to sixty (60) days after the effective date of such casualty. The Lessee shall deliver to the Lessor and the Purchaser at least thirty (30) days before such date a certificate signed by an Authorized Lessee Representative to the effect that such damage or destruction has occurred and stating whether or not the Lessee is exercising its option to restore the Project. If the Lessee shall not elect to so restore the Project, the Purchaser shall proceed to purchase the remaining portion of the Project on the terms set forth in Section 12.2(b). If the Lessee shall elect to restore the Project, the Lessee shall promptly begin and diligently proceed with such restoration.

(b) So long as the Bond has not been paid in full, the Lessee shall file with the Lessor and the Purchaser a certificate stating that such rebuilding, restoration, replacement and repair has been completed and certifying the cost thereof. If there shall remain any balance of such insurance proceeds, the Lessee shall apply the balance to the prepayment of the Bond. In lieu of rebuilding, restoration, replacement and repair as herein provided, Lessee may apply the entire amount to the purchase of the Project on the terms set forth in Section 12.2(b).

Notwithstanding any other provision hereof, if all or any part of the Project shall be destroyed or damaged after the Bond has been paid in full, (i) Lessee shall have no obligation to effect the repair or restoration of the Project and (ii) Lessee may elect by written notice to Lessor to terminate this Lease, in which event Lessee shall have no further liability hereunder.

13.2 Notice of Casualty. In the case of any material damage to or
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destruction of all or any part of the Project, the Lessee shall, upon receipt of notice of such damage or destruction, give prompt notice thereof to the Lessor and the Purchaser. Each such notice shall describe generally the nature and extent of such damage, destruction, loss, proceeding or negotiations.

ARTICLE XIV

Additions, Alterations, Improvements, Replacements and New Construction

14.1 Additions, Alterations and Improvements by Lessee. Provided that the
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Project will continue to constitute a "project" under the Act, Lessee shall have the right to make additions to, alterations of, and improvements on the Building, structural or otherwise, and to construct additional facilities, at its expense.

Lessee shall have the privilege of erecting any additional buildings and of remodeling the Building from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that such remodeling shall not damage the basic structure of the then existing building or decrease its value, with no obligation to restore or return the Building to its original condition, but the cost of such new building or buildings and improvements and remodeling shall be paid for by it and upon the expiration or termination of

this Lease shall belong to and be the property of Lessor, subject, however, to the right of Lessee to remove from the Project at any time before the expiration or termination of this Lease and while it is in good standing with reference to the payment of Basic Rent and performance of its other obligations under this Lease, all improvements placed in or upon the Project by Lessee which can be removed without damage to the existing buildings or structures or if they cannot be removed without such damage, then provided that Lessee repairs any damage caused by such removal.

14.2 Installation and Removal of Lessee's Equipment. Lessee may at any time or times during the Term install or commence the installation of any Lessee's equipment as Lessee may deem desirable, and Lessee may also remove any Lessee's equipment, provided, however, that such installation or removal shall not be permitted to interfere with the acquisition and installation of the Project or in any way materially damage the Project. All such Lessee's equipment shall be acquired and installed at the expense of Lessee and shall remain the property of Lessee. Any item of Lessee's equipment may be removed at any time by the Lessee and shall, upon the occurrence of an Event of Default, be removed by the Lessee at the request of the Lessor. Any such removal shall be at the expense of the Lessee and the Lessee shall bear the costs of repair of all damage to the Project resulting from or incident to such removal.

14.3 Additions and Alterations Not to Diminish Value of Project. The Project as improved or altered upon completion of additions, alterations, improvements or construction made pursuant to the provisions of this Article XIV shall be of a value of not less than the value of the Project immediately prior to the making of such additions, alterations, improvements or the construction of additional facilities.

14.4 Quality of Work; Compliance With Laws; Insurance. Lessee shall use its best efforts to cause all work done in connection with such additions, alterations, improvements or construction, or repair or restoration in the event of condemnation, damage or destruction to be done promptly, and in good and workmanlike manner, and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and offices thereof. Lessee shall maintain or cause to be maintained, at all times when any work is in process in connection with such additions, alterations, improvements or construction, worker's compensation insurance covering all persons employed in connection with such work and with respect to whom death or bodily injury claims could be asserted against Lessor, Lessee or the Project.

ARTICLE XV

Subletting, Assignments and Mortgaging

15.1 Continuing Obligations of Lessee. With the prior written consent of Lessor and Purchaser, Lessee may sublet the Project or any part thereof, and may assign or otherwise transfer all of its rights and interest hereunder, including the purchase option granted in Section 21.1 hereof; provided, however, (a) that no assignment, transfer or sublease shall affect or reduce any of the obligations of Lessee hereunder, except to the extent that the Purchaser and Lessor each specifically agree in writing otherwise, and (b) that Lessee shall give Lessor and the Purchaser not less than 10 days' prior written notice of any such proposed assignment, transfer or sublease; provided, however, that no consent of the Purchaser nor notice to Lessor and Purchaser shall be required in order for the Lessee to execute and deliver the Sublease. Nothwithstanding the foregoing, Lessee may assign or otherwise transfer all of its rights and interest hereunder without the prior written consent of the Lessor so long as the Lessor receives, prior to the effective date of such transfer or assignment

(i) an opinion of counsel to such assignee that such assignment or transfer is an exempt transaction under any securities laws or otherwise does not require registration under any applicable securities laws; (ii) a certificate of Lessee that at the time of such assignment or transfer there is no default or event of default existing under the Sublease and that the assignee is a commercial lending institution or an insurance company or an affiliate of or trust for the benefit of such commercial lending institution or insurance company or affiliate thereof.

15.2 Collection of Rent from Others No Release of Lessee. If this Lease be assigned or transferred, or if the Project or any part thereof be sublet or occupied by anybody other than Lessee, Lessor may, after default by Lessee, collect rent from the assignee, transferee, subtenant, or similar occupant and apply the net amount collected to the Basic Rent and any other amounts reserved hereunder, but no such assignment, transfer, subletting, possession or collection shall, except to the extent that the Lessor and the Purchaser specifically agree otherwise, be deemed the acceptance of the assignee, transferee, subtenant or similar possessor as lessee, or a waiver or release of Lessee from the performance of the terms, covenants and conditions of this Lease to be performed by Lessee. Any violation of any provision of this Lease, whether by act or omission, by an assignee, transferee, subtenant, or similar occupant, shall be deemed a violation of such provision by Lessee, it being the intention of the parties hereto that Lessee shall, except to the extent that the Lessor and the Purchaser specifically agree otherwise, assume and be liable to Lessor for all and any acts and omissions of any and all assignees, transferees, subtenants and similar occupants.

15.3 Merger, Consolidation or Transfer of Assets by Lessee. Lessee agrees that at all times during the Term it will maintain its corporate existence as a corporation qualified and authorized to do business in the State of Tennessee, will not dissolve nor dispose of all or substantially all of its assets nor consolidate with nor merge into another corporation nor permit another corporation to consolidate with or merge into it, except with the prior written consent of Lessor and Purchaser.

ARTICLE XVI

Performance of Lessee's Obligations by Lessor; Permitted Contests

16.1 Performance of Lessee's Obligations by Lessor. If Lessee at any time shall fail to make any payment or perform any act on its part to be made or performed under this Lease, then, subject to the provisions of Sections 15.2 and 16.2, Lessor may (but shall not be obligated to), upon ten (10) days' prior written notice to Lessee and without waiving or releasing Lessee from any obligations or default of Lessee hereunder, make any such payment or perform any such act for the account and at the expense of Lessee; and may enter upon the Project for the purpose and take all such action thereon as may be reasonably necessary therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all necessary and incidental costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection with the performance of any such act by Lessor, together with interest, at the lesser of (i) the overdue rate provided in the Sublease so long as a Sublease is in effect or the Prime Rate plus two percent (2%) per annum if a Sublease is not in effect or (ii) the maximum rate permitted by applicable law, shall be deemed additional rent hereunder and shall be

payable by Lessee to Lessor on demand, and Lessee covenants to pay any such sum or sums with interest as aforesaid.

16.2 Permitted Contests. Lessee shall not be required to (a) pay, discharge or remove any tax, lien or assessment, or any mechanic's, laborer's or materialman's lien, or any other lien or encumbrance, or any other imposition or charge against the Project or any part thereof, or (b) comply or cause compliance with the laws, ordinances, orders, rules, regulations or requirements referred to in Sections 3.10 or 14.4 hereof, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition, charge, fine or penalty so contested or resulting from such contest and the sale of the Project or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses. Pending any such proceeding Lessor shall not have the right to pay, remove or cause to be discharged the tax, lien, assessment, encumbrance, imposition or charge thereby being contested, provided, that Lessee shall have given such security as Purchaser and Lessor may require.

ARTICLE XVII

Events of Default; Termination

17.1 Events of Default. If any one or more of the following events (herein individually called an "Event of Default") shall happen:

(a) if Lessee shall fail to make payment of (i) any Basic Rent within five (5) days after the same has become due and payable or (ii) any amount due under Article IX, Sections 12.02 or 13.01 hereof, after the same has become due and payable;

(b) if default shall be made in the due and punctual payment of any additional rent or other amount payable to Lessor or for the benefit of Lessor hereunder (other than as referred to in clause (a) above) within five (5) days after the same has become due and payable;

(c) if Lessee shall fail to observe or perform any term, covenant or condition of the Lessee under this Lease, or any representation or warranty set

forth in this Lease or in any document entered into in connection herewith or in any document, certificate or financial or other statement delivered in connection herewith shall be false or inaccurate in any material way, and such failure or misrepresentation or breach of warranty shall remain uncured for a period of thirty (30) days after receipt of written notice thereof; provided, that if such failure to perform is not capable of being cured within one hundred eighty (180) days after the occurrence of such default and the Lessee is proceeding diligently to cure such default, the Lessee shall be entitled to an additional period (not to exceed one hundred eighty (180) days from the date of such default) to cure such default;

(d) if Lessee shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future statute, law or regulations, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, custodian or liquidator of Lessee or of all or any

substantial part of its properties or of the Project, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(e) if a petition shall be filed against Lessee seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation, and shall remain undismissed or unstayed for an aggregate of sixty (60) days, or if any trustee, receiver, custodian or liquidator of Lessee or of all or any substantial part of its properties or of the Project shall be appointed without the consent or acquiescence of Lessee and such appointment shall remain unvacated or unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

(f) if a default or an event of default shall occur under any of the other Bond Documents;

then in any such event (regardless of the pendency of any proceeding which has or might have the effect of preventing Lessee from complying with the terms of this Lease) Purchaser, as assignee of Lessor, or Lessor if the Bond has been paid in full, at any time thereafter and until such Event of Default shall have been waived may give a written termination notice to Lessee which shall specify a date of termination of this Lease not less than ten (10) days after the giving of such termination notice, and, subject to the provisions of Section 20.1 relating to the survival of Lessee's obligations, the Term shall expire and terminate by limitation and all rights of Lessee under this Lease shall cease on such date, except with respect to Lessee's option to purchase pursuant to Section 21.1 hereof.

ARTICLE XVIII

Repossession

18.1 At any time after the expiration of the Term pursuant to Section 17.1, Purchaser, as assignee of Lessor, or Lessor, without further notice may enter upon the Project and may remove Lessee and all other persons and any and all property from the Project. If any Event of Default occurs, Purchaser, as assignee of Lessor, or Lessor if the Bond has been paid in full, shall also have the right of entry repossession, and removal, after not less than ten (10) days' prior written notice to Lessee of its intent to exercise such right and specifying the nature of the Event of Default, prior to the expiration of the Term and without any obligation on the part of Purchaser or Lessor to terminate this Lease, provided that such right shall not be in contravention of the laws of the jurisdiction in which the Project is located. In the event of the exercise of such right without termination of this Lease, the Lease shall continue in full force and affect for the balance of the Term except that Lessee shall have no right of possession from the date of the exercise of such right, provided that the exercise of such right shall not preclude the subsequent exercise of any other right under this Lease, including the right of termination pursuant to Section 17.1. Neither Purchaser nor Lessor shall be under any liability for or by reason of any such entry, repossession or removal.

ARTICLE XIX

Reletting

19.1 If the Term shall have expired pursuant to Section 17.1, or if Purchaser or Lessor shall have exercised its right of entry, repossession and removal pursuant to Section 18.1, Lessor may relet the Project or any part thereof for the account and benefit of Lessee for such rental terms, to such persons, firms or corporations and for such period or periods as may be fixed and determined by Lessor; provided, however, that Lessor shall not unreasonably refuse to accept or receive any suitable occupant or tenant offered by Lessee,

so long as such tenant proposes to use the Project as a "project" under the Act. Lessor shall not otherwise be required to do any act or exercise any diligence to mitigate the damages to Lessee and, subject to the foregoing provisions, Lessor shall not be responsible or liable for any failure to relet the Project or any portion thereof.

ARTICLE XX

Survival of Lessee's Obligations; Damages

20.1 Lessee's Obligations to Survive Expiration or Repossession. No expiration of the Term pursuant to Section 17.1 or repossession of the Project pursuant to Section 18.1 shall relieve Lessee of its liability and obligations under this Lease, including its

obligations under Article IX, all of which shall survive any such expiration or repossession.

20.2 Amounts Payable by Lessee on Expiration by Default. In the event of the expiration of the Term pursuant to Section 17.1, Lessee shall pay to Lessor the Basic Rent and all additional rent and other charges required to be paid, and not theretofore paid, under this Lease or otherwise, by Lessee up to the time of such expiration; and thereafter Lessee, until the end of what would have been the Term in the absence of such expiration and whether or not the Project or any part thereof shall have been relet, shall be liable for and shall pay to Lessor, as and for liquidated and agreed current damages for Lessee's default:

(i) the Basic Rent and all additional rent and other charges which would be payable under this Lease by Lessee if the Term had not so expired, less

(ii) the net proceeds, if any, of any reletting effected for the account of Lessee pursuant to the provisions of Section 19.1, after deducting all Lessor's necessary and incidental expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, legal expenses, reasonable attorneys' fees and expenses, employees' expenses, reasonable alteration costs, insurance premiums paid to insure the Project until it is relet and any taxes, special assessments or other similar governmental charges for such period and expenses of preparation for such reletting.

Lessee shall pay such current damages on the days on which the Basic Rent would have been payable under this Lease if the Term hereof had not so expired, and Lessor shall be entitled to recover the same from Lessee on each such day.

The liability and obligations of Lessee as set forth in this Section 20.2 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Section 18.1.

20.3 Optional Recovery by Lessor on Expiration by Default. At any time after the expiration of the Term pursuant to Section 17.1, whether or not Lessor shall have collected any current damages as aforesaid, Lessor shall, at its option, be entitled to recover from Lessee, and Lessee will pay to Lessor on demand, as and for liquidated and agreed final damages for Lessee's default and in lieu of all current damages beyond the date of such demand, an amount equal to the greater of:

(i) The Basic Rent and additional rent and other charges which would be payable under this Lease from the date of such demand (or, if it be earlier, the date to which Lessee shall have satisfied in full its

obligations under Section 20.2 to pay current damages) for which would be the then unexpired Term if the same

had not been so expired, less the then fair net rental value of the Project for the same period, or

(ii) All Unpaid Installments of Rent if the Bond has not been paid in full.

20.4 Rights and Obligations on Default Unchanged by Non-Termination.

The right of recovery of Lessor and the obligation of Lessee to pay the amount set forth in Section 20.3 shall be the same if Lessor shall exercise its right of entry, repossession or removal without termination of this Lease as provided in Section 18.1.

20.5 Law Affecting Liquidated Damages. If any statute or rule of law shall validly limit the amount of such liquidated final damages to less than the amount agreed upon in Section 20.3, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

ARTICLE XXI

Purchase and Purchase Prices

21.1 Option to Purchase. At any time during the Term or within ninety (90) days after the end of the Term, Lessee shall have an option to purchase the Project for an amount equal to All Unpaid Installments plus the sum of $100.00. Lessee shall deliver to Lessor and Purchaser at least fifteen (15) days before the proposed date of purchase a notice signed by an Authorized Lessee Representative stating that Lessee desires to exercise its option to purchase under the provisions of this Section 21.1 on the date specified in such notice. On the proposed date of purchase the purchase price shall become due and payable and upon payment of the purchase price, in cash, Lessor shall convey the Project to Lessee subject and pursuant to this Article. Upon Lessee's exercise of the option to purchase pursuant to this Section, the Term of this Lease shall terminate. The purchase price shall be paid as follows:

(i) an amount equal to the unpaid principal amount of the Bond and interest accrued thereon to the purchase date shall be paid to the Purchaser as the assignee of the Lessor to be applied to the payment of corresponding amounts of principal of and interest on the Bond; and

(ii) the balance of the purchase price shall be paid to the Lessor.

21.2 Granting of Easements. From time to time during the Term Lessee shall have the right to cause Lessor (i) to grant easements affecting the Project, (ii) to dedicate or convey, as required, portions of the Project for road, highway and utilities and other public purposes, and (iii) to execute petitions to have the Project or portions thereof annexed to any municipality or included within any utility, highway or other

improvement or service district provided that, prior to the exercise of any of the powers granted by this Section 21.2, (a) Lessee shall have obtained the written consent of Purchaser to the granting of such easement; (b) Lessee shall notify Lessor in writing of the action to be taken; and (c) Lessee shall furnish Lessor with a certificate signed by an officer of Lessee certifying that the action to be taken will not either adversely affect the market value of the

Project or the use of the Project in Lessee's business. Upon compliance with the provisions hereof, Lessor shall, to the extent necessary, execute and deliver all such documents as are necessary to effectuate the intent of this Section 21.2.

21.3 Conveyance on Purchase. In the event of any purchase of Lessor's interest in the Project or the remaining portion or remainder of the Project by Lessee pursuant to any provision of this Lease, Lessor shall convey merchantable title by quitclaim deed thereto to Lessee, but Lessor shall not otherwise be obligated to give or assign any better title to Lessee than existed on the first day of the Term. Lessee shall accept such title, subject, however, to (i) any liens, encumbrances, charges, exceptions and restrictions not created or caused by Lessor or caused by Lessor at the request of lessee and/or Sublessee, and (ii) any laws, regulations and ordinances. Although Lessor shall be obligated to convey title to the Project as aforesaid on the date of purchase upon receipt of the purchase price therefor, Lessor shall nevertheless have such additional time as is reasonably required by Lessor to deliver or cause to be delivered to Lessee, at Lessee's expense, all instruments and documents reasonably required by Lessee and necessary to remove from record or otherwise discharge any liens, encumbrances, charges or restrictions in order that Lessor may convey title as aforesaid.

21.4 Charges Incident to Conveyance. Lessee shall pay all charges incident to any conveyance, including any escrow fees, recording fees, title insurance premiums, Lessor's reasonable attorney's fees and any applicable federal, state or local taxes and the like, including any federal or local documentary or transfer taxes.

21.5 Time of Payment of Purchase Price. Notwithstanding any other provisions hereof, this Lease shall not terminate on the date on which Lessee shall be obligated to purchase (whether or not any delay in the completion of such purchase shall be the fault of Lessor), nor shall Lessee's obligations hereunder cease until Lessee shall have paid the purchase price then payable for the Project, without set-off, counterclaim, abatement, suspension, deduction, diminution, or defense for any reason whatsoever, so long as the Bond has not been paid in full, and until Lessee shall have discharged or made provision satisfactory to Lessor for the discharge of, all of its obligations under this Lease, which obligations have arisen on or before the date for the purchase of the Project, including the obligation to pay the Basic Rent due and payable on the date for the purchase of Lessor's interest in the Project, but exclusive of any obligations with respect to maintenance, repair or restoration.

ARTICLE XXII

Recording and Filing; Other Instruments

22.1 Recording. This Lease and every supplement and modification hereof shall be recorded in the Register's Office of Shelby County, Tennessee, or in such other office as may be at the time provided by law as the proper place for the recordation of a deed conveying the Land.

ARTICLE XXIII

Miscellaneous

23.1 Waiver of Statutory Rights. This Lease shall not be affected by any laws, ordinances, or regulations, whether federal, state, county, city, municipal or otherwise, which may be enacted or become effective from and after

the date of this Lease affecting or regulating or attempting to affect or regulate (i) the Basic Rent and other amounts herein reserved or (ii) the continuing in occupancy of Lessee or any sublessees, transferees or assignees of Lessee's interest in the Project beyond the dates of termination of their respective leases, or otherwise.

23.2 Non-Waiver by Lessor. No failure by Lessor or by any assignee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of the Basic Rent, in full or in part, during the continuance of such breach, shall constitute a waiver of such breach or of such term. No waiver of any breach shall affect or alter this Lease or constitute a waiver of a then existing or subsequent breach.

23.3 Remedies Cumulative. Each right, power and remedy of Lessor provided for in this Lease shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by Lessor of any one or more of the rights, powers or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Lessor of any or all such other rights, powers or remedies.

23.4 Surrender of the Project. Except as otherwise provided in this Lease, Lessee shall, upon the expiration or termination of this Lease for any reason whatsoever, surrender the Project to Lessor in good order, condition and repair, except for reasonable wear and tear.

23.5 Acceptance of Surrender. No surrender to Lessor of this Lease or of the Project or any part thereof or of any interest therein shall be valid or effective unless agreed to and accepted in writing by Lessor, and no act by any representative or agent of Lessor, and no act by Lessor, other than such a written agreement and acceptance by Lessor, together with the concurring written consent of the Purchaser if the Bond has not been paid in full, shall constitute an acceptance of any such surrender.

23.6 No Claims Against Lessor. Nothing contained in this Lease shall constitute any consent or request by Lessor, expressed or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Project or any part thereof, nor give Lessee any right, power or authority to contract for or permit the performance of any labor or services or the furnishings of any materials or other property in such fashion as would permit the making of any claim against Lessor. Lessor shall have the right to post and keep posted at all reasonable times on the Project any notices which Lessor shall be required to post for the protection of Lessor and the Project from the perfecting of any lien.

23.7 Amendments, Changes and Modification. Except as otherwise provided provided in this Lease, subsequent to the sale of the Bond, this Lease may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Purchaser.

23.8 Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

23.9 Severability. In the event that any clause or provision of this

Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

23.10 Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under the Bond Documents, shall be in writing, and shall be deemed to have been properly given and received if sent by United States certified or registered mail, postage prepaid, when delivered at the address specified (a) if to Lessee addressed to Lessee, at 135 So. LaSalle Street, Suite 711, Chicago, Illinois 60603, Attention: E. Bruce Mumford, or at such other address as Lessee from time to time may have designated by written notice to Lessor and the Purchaser; (b) if to Lessor addressed to Lessor at 7743 Church Street, Millington, Tennessee 38054, Attention: Frank Ryburn, or at such other address as Lessor may have designated from time to time by written notice to Lessee and the Purchaser; and (c) if to Purchaser addressed to Purchaser, at 135 So. LaSalle Street, Suite 711, Chicago, Illinois 60603, Attention: E. Bruce Mumford, or at such other address as Purchaser may have designated, from time to time, by written notice to Lessor and Lessee.

23.11 Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions thereof. All references in this Lease to particular Articles or Sections are references to Articles or Sections of this Lease, unless otherwise indicated.

23.12 Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

23.13 Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

23.14 Quiet Possession. Lessee, by keeping and performing the covenants and agreements on its part herein contained, shall at all times during the Term peaceably and quietly have, hold and enjoy the Project without suit, trouble or hindrance from Lessor or its successors or assigns.

23.15 Amendments, Changes and Modifications of Bond. Lessor covenants and agrees during the Term that it will not, without the prior written consent of Lessee, enter into or consent to any amendment, change or modification of the Bond or the Mortgage which would adversely affect Lessee's rights under this Lease.

23.16 No Liability of Officers, Etc. No recourse under or upon any obligation, covenant or agreement contained in this Lease shall be had against any incorporator, employee, member, director or officer, as such, past, present or future, of the Lessor, either directly or through the Lessor. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, employee, member, director or officer is hereby expressly waived and released by Lessee as a condition of and consideration for the execution of this Lease.

23.17 Limitations on Recourse. The parties hereto agree that the Lessee shall have no personal liability whatsoever to the Lessor or its respective successors and assigns for any claim based on or in respect of this

Lease or arising in any way from the transactions contemplated hereby; provided, however, that the Lessee shall be liable in its individual capacity for its own willful misconduct or gross negligence (or negligence in the handling of funds). It is understood and agreed that, except as provided in the preceding proviso: (i) the Lessee shall have no personal liability under the Lease; (ii) all obligations of the Lessee to the Lessor are solely nonrecourse obligations except to the extent that it has received payment from others and are enforceable solely against the Lessee's interest in the Project and the Bond; and (iii) all such personal liability of the Lessee is expressly waived and released as a condition of, and as consideration for, the executive and delivery of the Lease by the Lessee.

23.18 Respecting the Sublease. Certain of the covenants of the Lessee hereunder will be assumed by the Sublessee in the Sublease and, while the Sublease remains in full force and effect, the obligations contained in such covenants shall be the responsibility of the Sublessee, or if the Sublease is terminated, then such covenants are enforceable only to the extent of the revenues derived from the Leased Property.

23.19 No Usury. No provision in this Lease shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excessive interest in such respect is hereby provided for, or shall be adjudicated to be so provided for herein, the provisions of this paragraph shall govern, and the undersigned shall not be obligated to pay the amount of such interest to the extent that it is in excess of the amount permitted by law. In the event Lessor or the Purchaser shall collect monies hereunder or otherwise which are deemed to constitute interest which would increase any effective interest rate to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the payor thereof upon such determination.

23.20 No Liability of the City of Millington or Shelby County, Tennessee. The City of Millington and Shelby County, Tennessee shall not in any event be liable for the performance or payment of any pledge, mortgage, obligation, indebtedness, agreement of any kind whatsoever herein or in any agreement or instrument mentioned herein, and none of the agreements or obligations of the Lessor contained in this Lease or in any agreement or instrument mentioned herein or otherwise shall be construed to constitute

an obligation or indebtedness of The City of Millington or Shelby County, Tennessee within the meaning of any constitutional or statutory provision whatsoever.

IN WITNESS WHEREOF, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE has executed this Lease by causing its name to be hereunto subscribed and attested by its duly authorized officers; and LEASE PLAN NORTH AMERICA, INC. has executed this Lease by causing its name to be hereunto subscribed by its duly authorized officer, all being done as of the day and year first above written, but actually on the dates hereinafter indicated in the acknowledgements.

ATTEST:	THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE
/s/ [ILLEGIBLE]	By: /s/ Tom Seale, Jr.
Title: Secretary	Title: Chairman

LEASE PLAN NORTH AMERICA, INC.

By: /s/ E. Bruce Mumford

Title: Vice President

STATE OF Illinois)

COUNTY OF Cook)

Before me, the undersigned authority, a Notary Public within and for the State and County aforesaid, personally appeared E. Bruce Mumford, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be the Vice President of LEASE PLAN NORTH AMERICA, INC., the within-named bargainor, a corporation, and that he, as such authorized signatory, executed the foregoing instrument (Lease) for the purpose therein contained by signing the name of said corporation by the said _____ as such _____.

WITNESS my hand and official seal at office in chicago, Illinois this 20th day of December, 1995.

/s/ Mary E. Cioe

Notary Public

My Commission Expires:

November 15, 1999 [SEAL]

STATE OF TENNESSEE)

COUNTY OF SHELBY)

Before me, the undersigned authority, a Notary Public within and for the State and County aforesaid, personally appeared T. M. Seale, Jr., with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and up upon his oath acknowledged himself to be the Chairman of THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE, the within-named bargainor, a public not-for-profit corporation, and that he, as such Chairman, executed the foregoing instrument (Lease) for the purpose therein contained by signing the name of said corporation by the said T. M. Seale, Jr. as such Chairman.

WITNESS my hand and official seal at office, this 19/th/ day of December, 1995.

/s/ Sheila Jordan (ILLEGIBLE)

Notary Public

My Commission Expires:

My Commission Expire April __, ____

EXHIBIT A
LEGAL DESCRIPTION

THAT PORTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MILLINGTON, TENNESSEE 109 ACRE TRACT WHICH LIES TO THE EAST OF MILLINGTON INDUSTRIAL PARKWAY, SOUTH OF OLD MILLINGTON ROAD (40'R.O.W.) SOUTHWEST OF BILLY G. HALL AND WIFE, EZELLE F. HALL (INSTRUMENT K6 3222) AND NORTH OF U.S. HIGHWAY 51, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A SET IRON PIN IN THE NORTHEASTERLY LINE OF MILLINGTON INDUSTRIAL PARKWAY (88 FOOT R.O.W. AS CONSTRUCTED) 50.08 FEET NORTHWESTWARDLY FROM THE TANGENT INTERSECTION OF THE ABOVE SAID NORTHEASTERLY LINE WITH THE NORTHWESTERLY LINE OF U.S. HIGHWAY NO. 51 (100 FEET TO CENTERLINE); THENCE NORTH 46 DEGREES 26 MINUTES 58 SECONDS WEST ALONG THE ABOVE SAID NORTHEASTERLY LINE OF MILLINGTON INDUSTRIAL PARKWAY 306.88 FEET TO A SET IRON PIN AT A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 1866.81 FEET; THENCE NORTHWESTWARDLY ALONG SAID CURVE TO THE RIGHT (CONTINUING ALONG SAID NORTHEASTERLY LINE) AN ARC DISTANCE OF 695.18 FEET (CENTRAL ANGLE = 21 DEGREES 20 MINUTES 11 SECONDS - CHORD = NORTH 35 DEGREES 46 MINUTES 29 SECONDS WEST - 691.18 FEET) TO A SET IRON PIN; THENCE NORTH 25 DEGREES 12 MINUTES 56 SECONDS WEST (CONTINUING ALONG SAID NORTHEASTERLY LINE) 62.53 FEET TO A SET IRON PIN AT A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 50.00 FEET; THENCE NORTHEASTWARDLY ALONG SAID CURVE TO THE RIGHT AN ARC DISTANCE OF 76.28 FEET (CENTRAL ANGLE - 87 DEGREES 24 MINUTES 21 SECONDS - CHORD = NORTH 18 DEGREES 29 MINUTES 14 SECONDS EAST - 69.09 FEET) TO A SET IRON PIN IN THE SOUTHERLY LINE OF OLD MILLINGTON ROAD (20 FEET TO CENTERLINE); THENCE NORTH 62 DEGREES 11 MINUTES 25 SECONDS EAST ALONG THE SAID SOUTHERLY LINE OF OLD MILLINGTON ROAD 921.31 FEET TO A SET IRON PIN AT A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 2735.77 FEET; THENCE NORTHEASTWARDLY ALONG SAID CURVE TO THE LEFT (CONTINUING ALONG SAID SOUTHERLY LINE) AN ARC DISTANCE OF 201.38 FEET (CENTRAL ANGLE = 4 DEGREES 13 MINUTES 03 SECONDS - CHORD = NORTH 60 DEGREES 04 MINUTES 53 SECONDS EAST - 201.33 FEET) TO A SET IRON PIN; THENCE NORTH 57 DEGREES 58 MINUTES 21 SECONDS EAST (CONTINUING ALONG SAID SOUTHERLY LINE) 440.15 FEET TO A SET IRON PIN AT A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 2866.87 FEET; THENCE NORTHEASTWARDLY ALONG SAID CURVE TO THE RIGHT (CONTINUING ALONG SAID SOUTHERLY LINE) AN ARC DISTANCE OF 103.00 FEET (CENTRAL ANGLE = 02 DEGREES 03 MINUTES 31 SECONDS - CHORD = NORTH 59 DEGREES 00 MINUTES 06 SECONDS EAST - 102.99 FEET) TO A SET IRON PIN IN THE SOUTH LINE OF THE BILLY K. HALL AND WIFE, EZELLE F. HALL PROPERTY RECORDED IN INSTRUMENT NUMBER K6-3222 (S.C.R.O.); THENCE SOUTH 80 DEGREES 50 MINUTES 30 SECONDS EAST ALONG THE SOUTHERLY LINE OF SAID HALL PROPERTY 765.05 FEET TO A SET IRON PIN IN THE SAID NORTHWESTERLY LINE OF U.S. HIGHWAY NO. 51; THENCE SOUTH 43 DEGREES 27 MINUTES 30 SECONDS WEST ALONG SAID NORTHWESTERLY LINE 2186.87 FEET TO A SET IRON PIN AT A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 50.00 FEET; THENCE SOUTHWESTWARDLY-WESTWARDLY AND NORTHWESTWARDLY ALONG SAID CURVE TO THE RIGHT AN ARC DISTANCE OF 78.62 FEET (CENTRAL ANGLE = 90 DEGREES 05 MINUTES 32 SECONDS - CHORD - SOUTH 88 DEGREES 30 MINUTES 16 SECONDS WEST - 70.77 FEET) TO THE POINT OF BEGINNING.

SCHEDULE B

Encumbrances

Easement at Book 2725, Page 58 in said Register's Office.

Easement at Book 3474, Page 65 in the Register's Office of Shelby County, Tennessee.

Easement at Instrument No. V6 5631 in said Register's Office.

Easement at Instrument No. AX 8110 in said Register's Office.

Restrictions contained in Special Warranty Deed at Instrument No. AU 5950 in said Register's Office.

Restrictions contained in Special Warranty Deed at Instrument No. AW 4802 in said Register's Office.

Easements, setbacks and restrictions at Plat Book 121, Page 12 in said Register's Office.

Easements, setbacks and restrictions at Plat Book 138, Page 41 in said Register's Office.

EXHIBIT 10.105

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY FOR

THE LUCENT BUILDING

PURCHASE AND SALE AGREEMENT

FOR

200 LUCENT LANE

CARY, NORTH CAROLINA

LUCENT TECHNOLOGIES INC.

SELLER

TO

WELLS OPERATING PARTNERSHIP, L.P.

BUYER

DATE: as of September __, 2001

* * * *

The mailing, delivery or negotiation of this Agreement by Seller or its agent or attorney shall not be deemed an offer by Seller to enter into any transaction or to enter into any other relationship, whether on the terms contained herein or on any other terms. This Agreement shall not be binding upon Seller, nor shall Seller have any obligations or liabilities or Buyer any rights with respect thereto, or with respect to the Property, unless and until Seller has executed and delivered this Agreement. Until such execution and delivery of this Agreement, Seller may terminate all negotiation and discussion of the subject matter hereof, without cause and for any reason, without recourse or liability.

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(iv)

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is dated as of September _____, 2001, by and between LUCENT TECHNOLOGIES INC., a Delaware corporation, having its principal office at 600 Mountain Avenue, Murray Hill, New Jersey 07962 ("Seller"), and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, having an office at 6200 The Corners Parkway, Suite 250, Atlanta, Georgia 30082 ("Buyer").

WITNESSETH:

WHEREAS, Seller owns and desires to sell to Buyer (a) the real property and improvements commonly known as 200 Lucent Lane located on an existing subdivided parcel designated Lot 1-B-I on plat of survey entitled "Subdivision Map: LUCENT TECHNOLOGIES Lot 1-B Triangle Medical & Surgical Associates, LLC dated 02-23-99 prepared by Sullivan Surveying (the "Plat") recorded in Book of Maps 1999, Page 1059, Wake County, North Carolina Registry (the "Building Parcel") and (b) the real property comprising an existing subdivided parcel adjacent to the Building Parcel shown as Lot 1-B-II on the Plat (the "Development Parcel"), and Buyer desires to purchase such property from Seller, upon the terms and conditions herein contained.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS

(a) As used in this Agreement, the following terms shall have the meanings set forth below when capitalized:

(i) "Agreement" shall mean this Purchase and Sale Agreement.

(ii) "Building" shall mean all buildings and improvements situated on the Building Parcel.

(iii) "Building Fixtures" shall mean the heating, air conditioning, compressed air, steam, ventilation, plumbing, substations and electrical wiring systems, racking, elevators and all other systems and equipment located on the Property, including spare parts and tools specifically designed and used exclusively for the maintenance or operation of such systems and equipment.

(iv) "Business Day" shall mean any day other than a Saturday, Sunday, or legal holiday in the State of North Carolina.

(v) "Buyer's Broker" shall mean jointly Adevco Realty and First Fidelity Investments Corporation.

(vi) "Buyer's Intended Use" shall mean any use permitted under zoning ordinances applicable to Regency Park, Cary, North Carolina and consistent with the use of the Property as a first class commercial or corporate park.

(vii) "Closing Date" shall mean September 26, 2001.

(viii) "Date of this Agreement" shall be the date of execution by the last to sign of the parties to this Agreement.

(ix) "Days" shall mean calendar days unless otherwise expressly set forth.

(x) "Down Payment" shall mean the Initial Down Payment and the Subsequent Down Payment, which shall be an official bank check payable to Escrow Agent or a wire transfer of immediately available federal funds to Escrow Agent. The Down Payment shall be held by Escrow Agent in an interest bearing account. All interest on the Down Payment shall accrue to the benefit of Buyer and shall be credited to the Purchase Price if title closes. If the Down Payment is forfeited, Seller retains the interest.

(xi) "Due Diligence Period" shall mean the period of Buyer's inspection of the Property ending September 18, 2001, at 6:00 p.m. Eastern Standard Time.

(xii) "Escrow Agent" shall mean the authorized agent of the Title Company in Raleigh, North Carolina.

(xiii) "FF&E" shall mean all moveable, non-attached furniture [excluding the Modular Office Furniture (as hereinafter defined)], furnishings, fixtures (excluding Building Fixtures),

fittings, trade fixtures, equipment, machinery, apparatus, appliances and other articles of personal property owned by Seller and located at the Building as of the Date of this Agreement and used in connection with the operation, maintenance and management of the Building. FF&E expressly does not include moveable, non-attached personal property of Seller used in connection with its business such as personal computers, room partitions, bookcases, photocopiers, telecommunications equipment, microwaves, refrigerators, televisions and monitors, portable heating or air conditioning equipment, and office supplies and furniture other than the Modular Office Furniture.

(xiv) "Hazardous Substances" shall mean those substances identified as "regulated substances", "toxic substances", "toxic wastes", "hazardous substances", or "hazardous wastes", including petroleum and petroleum products, under the Resource Conservation and Recovery Act or the Comprehensive Environmental Response, Compensation, and Liability Act, or any applicable state, county or local law or regulation.

(xv) "Indemnify" shall mean to defend, indemnify and save harmless against all claims, liabilities, losses, damages, costs and expenses (including reasonable attorney's fees, expert witness fees and other costs of defense).

(xvi) "Initial Down Payment" shall mean Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00) to be paid to Escrow Agent.

(xvii) "Intangible Property" shall mean the following intangible property owned by Seller and now or hereafter located upon the Land and relating

to or used in connection with the Property: (i) the name of the Building, (ii) logos associated with the Building, (iii) warranties and guaranties relating solely to the Building and Building Fixtures, (iv) certificates of occupancy (or the local equivalents), permits, licenses, approvals and authorizations related solely to the Property, and (v) all plans and specifications relating to the development of the Property including, without limitation, the plans and specifications for the Building. Notwithstanding the foregoing, Intangible Property does not include any intangible property related to Seller's

products, services or business or any tradename, trademark, servicemark or logo not specifically and solely related to the Building or the Property.

(xviii) "Land" shall mean, collectively, the Building Parcel and the Development Parcel as more particularly described on Exhibit A attached hereto.

(xix) "Listing Broker" shall mean CB Richard Ellis, Inc.

(xx) "Lucent and Affiliates" shall mean Lucent Technologies Inc. and any company directly or indirectly controlled by it, and each current or former officer, director and employee of any of the foregoing.

(xxi) "Lucent Lease" shall mean the triple net lease of the Building Parcel to be entered into on the Closing Date by Buyer as landlord and Seller as Tenant.

(xxii) "Maximum Amount" shall mean one-half of one percent (0.5%) of the Purchase Price.

(xxiii) "Permitted Exceptions" shall mean the matters specified on Exhibit C attached hereto.

(xxiv) "Property" shall mean the Land; the Building; the Building Fixtures; the Intangible Property; all right, title and interest of Seller, if any, in and to the land lying in the bed of any street or highway in front of or adjoining the Land and to any unpaid award for any taking by condemnation, or any damage to the Land by reason of a change of grade of any street or highway; and the appurtenances and all the estate and rights of Seller in and to the Land and Building.

(xxv) "Seller's Broker" shall mean CB Richard Ellis, Inc.

(xxvi) "Seller's Knowledge" shall mean the actual knowledge of Michael Charles, Seller's manager responsible for the sale of the Property, and Wade Murphy, Seller's employee responsible for the management and operation of the Property, and, with respect to environmental matters only, Niki Farbotko, Seller's regional environmental engineer for the Property.

(xxvii) "Subsequent Down Payment" shall mean Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00) to be paid to Escrow Agent.

(xxviii) "Substantial Part" shall mean a part of the Property without

which, in the reasonable opinion of Buyer, the remainder of the Property will not be suitable for Buyer's intended use.

(xxix) "Survey" shall mean an ALTA "as built" survey to be obtained by Seller for Buyer, at Seller's expense.

(xxx) "Taking" shall mean any taking by condemnation or eminent domain (or a deed in lieu thereof) of all or a portion of the Property.

(xxxi) "Title Company" shall mean Fidelity National Title Insurance Company of New York.

(xxxii) "Title Report" shall mean Binder No. 01R167839-S0 effective August 2, 2001, issued by the Title Company or its authorized agent for an Owner's ALTA Title Insurance Policy for the Property.

(b) In addition, the following terms, wherever used in this Agreement, shall have the meanings set forth in the following Sections:

Term	Section
Casualty	9.2
Closing	3.1
Environmental Reports	6.6
Information	12.1
Intermediary	18.1(d)
Lucent Lease Default	5.3
Modular Office Furniture	5.1
Notices	20.1
Offer	2.5
Property Records	6.2

Purchase Price	2.1
Repair	9.2
Violations	7.1(d)(i)

ARTICLE 2. TERMS OF SALE

Section 2.1. Purchase Price.

Subject to the terms and conditions hereof, Seller hereby agrees to sell to Buyer, and Buyer hereby agrees to purchase from Seller, the Property for Seventeen Million Six Hundred Fifty Thousand and No/100 Dollars ($17,650,000.00) (the "Purchase Price").

Section 2.2. Down Payment.

Within two (2) Business Days after Buyer's receipt of a counterpart of this Agreement as executed by Seller, Buyer shall pay the Initial Down Payment to Escrow Agent and deliver to Seller the Escrow Agreement as executed by Buyer and Escrow Agent, time being of the essence, failing which Seller may terminate this Agreement upon written notice to Buyer. Unless this Agreement is terminated in accordance with Section 2.4, Buyer shall pay the Subsequent Down Payment to Escrow Agent on the date of or prior to the expiration of the Due Diligence Period, time being of the essence. These payments shall be credited against the Purchase Price specified in Section 2.1 or disbursed as provided in this Agreement. In the event Buyer defaults in the performance of its obligations under this Agreement, Seller shall be entitled to the full amount of any Down

Payment paid to Escrow Agent, plus any interest earned thereon, as liquidated damages. Buyer and Seller expressly acknowledge that such liquidated damages are reasonable and appropriate in the case of Buyer's default, since it would be impracticable or extremely difficult to determine the exact amount of Seller's damages. Upon receipt by Seller of the Down Payment, plus any such interest, Seller expressly waives all other remedies against Buyer, including the right to sue for specific performance, and all parties shall thereupon be released from this Agreement. Nothing in this Section 2.2 shall limit or affect any rights to

indemnification which Seller may have against Buyer under any of the provisions of this Agreement. Buyer and Seller shall execute on the date of their respective executions of this Agreement the Escrow Agreement in the form attached hereto as Exhibit B and made part hereof by this reference.

Section 2.3. Payment of Purchase Price.

The Purchase Price, minus the Down Payment and interest earned thereon specified in Section 2.2, plus or minus prorations and adjustments, shall be paid to Seller at the Closing by the wire transfer of federal funds to a bank account to be designated by Seller in writing at or prior to the Closing or if no such designation is given, by certified check of Buyer, or bank cashier's check, payable directly to Seller to be delivered at Closing.

Section 2.4. Buyer's Right to Terminate.

During the Due Diligence Period, Buyer shall seek to satisfy itself as to the physical and environmental condition of the Property and its suitability for Buyer's Intended Use, as determined by Buyer in its sole discretion. If Buyer is satisfied with its investigation of the Property, Buyer shall advise Seller in writing prior to the end of the Due Diligence Period that the condition of the Property is satisfactory and shall simultaneously forward the Subsequent Down Payment to Escrow Agent on the date of or prior to the expiration of the Due Diligence Period, time being of the essence. If Buyer does not give the notice and pay the Subsequent Down Payment on the date of or prior to the expiration of the Due Diligence Period, this Agreement shall be automatically terminated without further obligation of any party hereto and Escrow Agent shall immediately return to Buyer, with any interest earned thereon, any portion of the Down Payment held by Escrow Agent. Within ten (10) Business Days after termination of this Agreement pursuant to this section, Buyer shall, without cost to Seller, deliver to Seller (without representation as to accuracy or completeness) copies of any engineering data, surveys, title work, environmental or soil reports, zoning or land use documents, and other third party studies or reports in Buyer's possession relating to the Property, but excluding any information or materials relating to market or investment analysis.

ARTICLE 3. CLOSING

Section 3.1. Closing.

Consummation of the purchase and sale contemplated by this Agreement (the "Closing") shall take place on the Closing Date at 10:00 a.m. at the office of Seller's counsel, Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P., 2500 First Union Capitol Center, Raleigh, North Carolina 27601, or at such other place as Seller and Buyer may mutually agree in writing. TIME IS OF THE ESSENCE with respect to the Closing Date. At Buyer's option, Seller agrees to cooperate with Buyer to effect an escrow closing through delivery of documents, in advance, to the Title Company, thereby obviating the need for representatives of Seller and Buyer to actually attend the Closing.

Section 3.2. Seller's Closing Obligations.

At the Closing, and as a condition to the payment of the Purchase Price, Seller shall deliver or cause to be delivered the following:

(a) a special warranty deed in the customary and proper form for recording, duly executed and acknowledged, so as to convey the real estate portion of the Property (including Building Fixtures) to Buyer, subject only to the Permitted Exceptions;

(b) such affidavits of title and other customary documents and instruments as the Title Company may reasonably require in accordance with customary practice with respect to mechanic's liens and parties in possession affecting the Property, other than Seller under the Lucent Lease, and a duly executed affidavit that Seller is not a "foreign corporation" as defined in the Internal Revenue Code in the form attached hereto as Exhibit D;

(c) a bill of sale transferring such FF&E as may remain on the Property to Buyer in the form attached hereto as Exhibit E;

(d) the Lucent Lease substantially in the form of Exhibit I, duly executed by Seller;

(e) Seller's affirmation of representations and warranties, as referred to in Section 7.4, in the form attached hereto as Exhibit J;

(f) the Declarant Estoppel in the form attached hereto as Exhibit M;

(g) the Waiver of Right of First Purchase and Approval of Recombination Plat in the form attached hereto as Exhibit N; and

(h) any other documents reasonably necessary for the consummation of the transaction contemplated by this Agreement.

Section 3.3. Buyer's Closing Obligations.

At the Closing, as a condition to the delivery of the deed and the other documents to be delivered by Seller hereunder, Buyer shall deliver or cause to be delivered to Seller the following:

(a) the balance of the Purchase Price as set forth in Section 2.3;

(b) Buyer's affirmation of representations and warranties, as referred to in Section 7.4, in the form attached hereto as Exhibit L;

(c) the Lucent Lease substantially in the form of Exhibit I, duly executed by Buyer; and

(d) any other documents reasonably necessary for the consummation of the transaction contemplated by this Agreement.

ARTICLE 4. TITLE

Section 4.1. Title Commitment.

Seller has furnished to Buyer the Title Report. Within ten (10) Business Days after receipt of the Title Report, Buyer shall advise Seller in writing if any matter disclosed by the Title Report renders title unmarketable or impairs or restricts the use and occupancy of the Property for Buyer's Intended Use; provided, however, the Permitted Exceptions shall not be deemed to impair or restrict the Buyer's Intended Use of the Property. Buyer shall have an

additional ten (10) Business Days after receipt of the Survey to advise Seller if any matter disclosed on the Survey, and not contained in the Title Report, renders title unmarketable or

impairs or restricts the use and occupancy of the Property for Buyer's Intended Use. Buyer's failure to give such notices shall constitute an irrevocable waiver of all such matters disclosed by the Title Report and the Survey and any exceptions not objected to shall be deemed to be Permitted Exceptions; provided, however, the foregoing shall not bar the right of Buyer to object to any matters of title or survey that appear after the effective date of the Title Report or the date of the Survey.

Section 4.2. Seller's Right to Extend Closing.

In the event of any objection by Buyer under Section 4.1, Seller shall, at its option, be entitled to an adjournment of the Closing, if necessary, for a period not to exceed thirty (30) Days to enable Seller to attempt to remove any claimed defect, lien, encumbrance or objection.

Section 4.3. Limitation on Seller's Title Obligations.

Seller shall not be required or obligated to (i) commence any litigation or (ii) to incur any costs or expenses in excess of the Maximum Amount to cure or remove any defect, lien, encumbrance or objection, except that Seller shall be obligated to cure, remove or provide for the satisfaction of any defect, lien, encumbrance or objection which arises from Seller's actions after the Date of this Agreement and Seller shall be obligated to cure, remove or provide for the satisfaction of any contractual liens such as mortgages or deeds of trust, mechanic's and materialmen's liens, and judgment liens and tax liens.

Section 4.4. Buyer's Right to Accept Title.

If Seller advises Buyer that Seller is unable to remove any defect, lien, encumbrance or objection (other than matters Seller is obligated to cure pursuant to Section 4.3), Buyer may nevertheless elect to accept such title as Seller may be able to convey, and Buyer shall not be entitled to any abatement, reduction of or any credit or allowance against the Purchase Price by reason thereof, and Seller shall have no further liability with respect thereof.

Section 4.5. Seller's Failure to Perform.

If Seller fails to convey the Property to Buyer in accordance with the terms, conditions and provisions herein contained and such failure is not excused by Buyer's failure to perform its

obligations under this Agreement, Buyer shall have the right as its sole and exclusive alternate remedies (i) to terminate this Agreement and receive a refund of the entire Down Payment with interest and to receive from Seller an amount equal to the actual documented and reasonable out-of-pocket expenses of third parties incurred by Buyer in connection with its investigation of the Property and the preparation and negotiation of this Agreement, the Lucent Lease and any closing documents, such as attorneys' fees, appraisal fees, inspection fees, and environmental consultant fees, not to exceed $100,000.00, Lucent having no liability to Buyer for any costs attributable to Buyer's officers or employees such as home office overhead or their costs and expenses in connection with investigation of the Property and the preparation and negotiation of this Agreement; or (ii) to institute an action for specific performance, and in a successful action therefor to recover its reasonable attorneys' fees and costs

incurred directly in connection with such action, or (iii) in the event that an action for specific performance is not available to Buyer due to the willful act of Seller (for example, the conveyance of title to the Property or the conveyance of an interest in the Property in violation of the terms of this Agreement which is not removed by Seller at Closing and which materially, adversely affects the Property), and only in such event, Buyer may pursue all rights and remedies against Seller for such default by Seller; provided, however, in no event shall Buyer be entitled to seek, claim or recover any consequential or punitive damages from Seller.

ARTICLE 5. SELLER'S RIGHT TO REMOVE FF&E

Section 5.1. Seller's Right to Remove FF&E.

Seller, at its election, may either remove from the Property, or leave on the Property, on or prior to the Closing Date, all FF&E on the Property as of the Date of this Agreement except the modular office furniture attached to the floors and ceilings of the Building and associated chairs and more particularly described on Exhibit O attached hereto (the "Modular Office Furniture"), which must remain in the Building. Seller may remove, at its option, any FF&E

placed on the Property after the Date of this Agreement except any additions to or replacements of the Modular Office Furniture. Seller shall use reasonable care in removing any FF&E and shall repair any damage or destruction done to the Property by such removal, but shall otherwise have no obligation in connection with such removal.

Section 5.2. Sale to Buyer of Remaining FF&E.

All FF&E remaining on the Property on the Closing Date but excluding Seller's trade fixtures such as movable, non-attached personal property of Seller used in connection with its business such as personal computers, room partitions, bookcases, photocopiers, telecommunications equipment, microwaves, refrigerators, televisions and monitors, portable heating or air conditioning equipment, and office supplies and furniture other than the Modular Office Furniture, is included in the Purchase Price. THE FF&E SOLD UNDER THIS AGREEMENT IS SOLD AS USED OR SURPLUS MATERIAL AND IS SOLD "AS IS, WHERE IS" WITH ALL FAULTS, LATENT AND PATENT. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY AGAINST PATENT, TRADEMARK, OR COPYRIGHT INFRINGEMENT.

Section 5.3. Modular Office Furniture.

Notwithstanding anything in this Agreement to the contrary, Buyer agrees that the Modular Office Furniture in the Building on the Closing Date shall remain the personal property of Seller and Seller shall be entitled to all benefits of ownership, including the right to depreciate its investment in such personal property. If Seller does not renew the Lucent Lease at the end of the base term or any renewal term or upon the default (beyond any applicable grace or cure period) of Seller as tenant under the Lucent Lease (a "Lucent Lease Default"), title to the Modular Office Furniture shall automatically pass to Buyer free and clear of any lien or security interest; provided, however, Buyer agrees that, in the event of a Lucent Lease Default, Buyer

shall not remove the Modular Office Furniture from the Building or deny Seller the right to use the Modular Office Furniture unless and until one of the following has occurred: (i) Seller's right to possession to the Building has been terminated pursuant to entry of an order of ejectment entered in Wake

County, North Carolina after a Lucent Lease Default, or (ii) Seller has vacated the Building following a Lucent Lease Default, or (iii) Seller has otherwise been adjudicated to be in default under the Lucent Lease by a court of competent jurisdiction.

If Buyer is entitled to the Modular Office Furniture as described above, at Buyer's request, Seller shall execute and deliver to Buyer a bill of sale for the Modular Office Furniture and shall, as necessary, cause any such lien or security interest to be released. Seller shall not grant any lien or security interest with respect to the Modular Office Furniture. The Modular Office Furniture shall be subject to ordinary wear and tear, and Seller shall not be obligated to replace any of the Modular Office Furniture due to ordinary wear and tear.

ARTICLE 6. BUYER'S RIGHTS OF ACCESS AND INFORMATION

Section 6.1. Buyer's Access Prior to Closing.

Subject to Seller's reasonable requirements for security and the protection of its confidential information, Buyer and its representatives, lenders, consultants and contractors shall be permitted access to the Property upon prior telephonic and email notice to Wade Murphy at (336) 279-3052 and wademurphy@lucent.com with additional telephonic and email notice to George Hill at (919) 463-4150 and gshill@lucent.com during normal business hours or at other mutually convenient times prior to Closing in order to inspect the same, prepare a survey, take measurements and conduct tests, provided Seller gives its prior written approval of any tests involving coring or drilling into the Building or parking areas, sidewalks, or plazas, which approval Seller shall not unreasonably withhold, condition or delay. During such access, the foregoing personnel shall not cause any interference with the operation of Seller or damage to

the Property which will not be repaired by Buyer pursuant to Section 6.7 below. If such access to the Property requires entry into the Building then used by Seller, Seller may require that persons having access be accompanied by representatives of Seller while inside the Building.

Section 6.2. Buyer's Access to Plans and Due Diligence Material.

Prior to the Date of this Agreement, Seller has delivered to Buyer offering materials about the Property, an existing environmental site assessment of the Property, a previously approved site plan, existing surveys of the Property, and the existing owner's title insurance policy and copies of the title exceptions noted therein (the "Due Diligence Material"). Seller has also delivered to Buyer a proposed recombination plat of the Property to be recorded before the Closing Date changing the location of the property line between the Development Parcel and the Building Parcel. To the extent not previously furnished with the Due Diligence Material, Seller, at its option, shall deliver to Buyer or permit Buyer to make, at Buyer's expense, photocopies or other reproductions of plans and specifications, for the Building and Building systems (including any "as built" drawings), maintenance records, licenses, permits, reports, certificates and such other items relating to the construction and operation of the Property, if any, as may be in the possession of Seller at the Property or readily available to Seller ("Property Records") and be reasonably reproducible by mechanical means. To the extent the Property Records are not reasonably reproducible by mechanical means, Seller shall make nonreproducible items available for inspection by Buyer or Buyer's employees, representatives or consultants at Seller's office at the Property or such other location that Seller shall reasonably designate. Seller makes no representation and assumes no liability for the accuracy, availability or completeness of the Due Diligence

Material or the Property Records and Buyer assumes all risk in connection with the use thereof, and, with the exception of alterations of the Due Diligence Material or the Property Records by Seller or the knowing and intentional withholding of information or documents respecting the accuracy, availability or completeness of the Due Diligence Material or the Property Records or in the event of any fraudulent use of the Due Diligence Material or the

Property Records by Seller in connection with the purchase and sale contemplated by this Agreement, releases Lucent and Affiliates from any liability in connection with the use of the Due Diligence Material and the Property Records by Buyer or by any other person. If for any reason not attributable to Seller the Closing does not occur, Buyer shall promptly return to Seller any photocopies or reproductions of the Due Diligence Material or the Property Records Buyer has obtained without retaining any copies thereof. The provisions of this Section 6.2 shall expressly survive for a period of two (2) years after the Closing or any cancellation or termination of this Agreement.

Section 6.3. Buyer's Indemnity.

The rights granted under this Article 6 shall be at Buyer's sole risk. Buyer shall Indemnify Lucent and Affiliates against injury, including death, to any person, or damage or loss of any kind to property, including the Property and other property of Seller, that may occur as a result of Buyer's exercise of any of the rights granted under this Article 6.

Section 6.4. Buyer's Insurance.

Buyer shall keep in force public liability insurance in good and solvent insurance companies in limits of at least $1,000,000/$5,000,000 for bodily injury and $1,000,000 for property damage, covering its liability hereunder. Lucent and Affiliates shall be named as additional insureds under such insurance and certificates of such insurance shall be delivered to Seller prior to such entry. Such certificates shall provide that they may not be cancelled or modified unless Seller is given at least ten (10) Days prior written notice. Buyer may maintain such coverage under its national blanket coverage.

Section 6.5. [Intentionally Deleted]

Section 6.6. Environmental Reports.

Seller has previously delivered to Buyer a copy of those environmental reports pertaining to the Property listed on Exhibit G (the "Environmental Reports"). The Environmental Reports shall be subject to the confidentiality obligations of Section 13.1 whether or not so marked. Seller makes no representation or warranty and assumes no liability for the accuracy or

completeness of the Environmental Reports or any of the matters contained in such reports, and Buyer assumes all risk in connection with the use thereof and, with the exception of alterations of the Environmental Reports by Seller or the knowing and intentional withholding of information or documents respecting the accuracy, availability or completeness of the Environmental Reports or in the event of any fraudulent use of the Environmental Reports by Seller in connection with the purchase and sale contemplated by this Agreement, releases Lucent and Affiliates from any liability in connection with the use of the Environmental Reports by Buyer or any other person. If for any reason the Closing does not occur, Buyer shall promptly return to Seller all copies of the Environmental Reports without retaining any copies thereof. The provisions of this Section 6.6 shall expressly survive for a period of two (2) years after the Closing or any termination or cancellation of this Agreement.

Section 6.7. Environmental Inspection.

After the Date of this Agreement, Buyer may, at its sole cost and expense, make, upon prior telephonic and email notice to Seller's representative, Niki Farbotko at (404) 573-6196 and nhoffman@lucent.com with telephonic and email notice to George Hill at (919) 463-4150 and gshill@lucent.com, such environmental inspections and tests of the Property as Buyer chooses, provided Seller gives its prior written approval of any tests involving coring or drilling into the Building or parking areas, sidewalks or plazas and of any plan for disturbing any material surface area of the Land in connection with Buyer's environmental due diligence, which approval Seller shall not unreasonably withhold, condition or delay, and that Buyer repairs any damage to the Property occasioned by such inspections and tests and restores the Property to substantially the condition that existed prior to such inspections and tests. If Buyer's inspection of the Property during the Due Diligence Period reveals any Hazardous Substances the assessment and remediation of which is required under applicable law, Buyer shall promptly advise Seller of same. Notwithstanding any termination of this Agreement pursuant to the provisions hereof, Buyer shall, within ten (10) Days after receipt, promptly provide Seller with one legible copy of each report produced with respect to such inspections and tests.

Section 6.8. Survival.

The provisions of this Article 6 shall survive for a period of two (2) years after the Closing or any termination or cancellation of this Agreement.

ARTICLE 7. REPRESENTATIONS AND WARRANTIES

Section 7.1. Seller's Representations.

Seller represents and warrants the following are true and correct as of the Date of this Agreement and shall be true and correct at the Closing:

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is qualified to do business in the state where the Property is located and has all necessary power, corporate and otherwise, to execute and deliver this Agreement, to perform all obligations hereunder, and that this Agreement and any other documents delivered in connection therewith have been duly authorized by all requisite action on its part, and that this Agreement is valid and legally binding on Seller.

(b) There is no litigation or proceeding pending or, to Seller's Knowledge, threatened, which would interfere with Seller's ability to comply with any of its obligations under this Agreement.

(c) Other than the Permitted Exceptions, there are no contracts which cannot be terminated on thirty (30) Days notice or less or leases affecting the Property which would be binding on Buyer or "run with the land" at Closing. Seller shall not enter into any service, maintenance or management contract or other agreement with respect to the Property which would be binding on Buyer or "run with the Land" at Closing unless such contract or agreement can be terminated at or before Closing or unless Buyer has approved such contract or agreement. To the extent any Contract relates to the Development Parcel, Seller agrees to cancel, on or prior to the date of Closing, any of the Contracts specified by Buyer in a written notice to Seller given prior to the date of Closing. To Seller's Knowledge, all Contracts relating to the Development

Parcel are assignable by Seller to Buyer and no Contract prohibits such assignment or provides for any right, claim or cause of action against Buyer or the Property as a result solely of such assignment. Seller has cancelled or will cancel, effective as of the Closing, any agreement in the nature of a management agreement relating to the Property or any service contract between Seller and any party affiliated with or related to Seller. To the extent any of the Contracts relate to services for the Building and/or the Building Parcel and Seller desires for such Contracts to remain in place as the responsibility of Seller under the Lucent Lease, Seller may keep such Contracts in place provided that such Contracts do not impose any obligation upon Buyer, as the owner of the Property.

(d) (i) Any written notice of violations (other than written notice of violations arising from the acts or omissions of Buyer or Buyer's employees, agents, contractors, or representatives, which shall be Buyer's sole responsibility) of any law, code, ordinance, regulation, rule, requirement, order or restriction, issued by any municipal, county, state or federal department or authority having jurisdiction over the Property ("Violations") received by Seller prior to the Date of this Agreement shall be removed or complied with by Seller. Seller shall give Buyer notice of the receipt of Violations promptly upon Seller's receipt thereof. To Seller's Knowledge, Exhibit F sets forth a true, correct and complete list of all Violations received by Seller as of the Date of this Agreement.

(ii) Seller shall use reasonable efforts to remove any Violations specified in Section 7.1(d)(i) prior to Closing. If any Violation occurs after the Date of this Agreement due to the fault of Seller and the same is not cured or removed by Seller at or prior to Closing then, if (a) the violation does not consist of any violation of any environmental law and does not consist of the presence, release or storage of Hazardous Materials on the Property, (b) the cost of cure or removal is less than $50,000, (c) Seller gives assurances reasonably acceptable to Buyer that removal or cure of such Violation can be completed within one hundred eighty (180) Days after Closing, and (d) Seller deposits with Buyer funds in an amount reasonably estimated by Buyer to pay the cost of removal or cure (collectively, a "Curable Violation"), Buyer shall accept such

Curable Violation and consummate the Closing in which event Seller shall be obligated to use commercially reasonable efforts to cure the Curable Violation, at its sole cost and expense, within such 180 day period after Closing. If Seller shall fail to cure the Curable Violation as aforesaid, Buyer shall have all rights and remedies at law or in equity, including the right of specific performance. In the event of any other Violation which is due to the fault of Seller, the same shall constitute a default by Seller hereunder in which event Buyer shall have the remedies set forth in Section 4.5 (i) hereof. If such Violation is not due to the fault of Seller and Seller has used reasonable efforts to cure or remove it prior to Closing, then Buyer may, as its sole alternate remedies, elect to accept title to the Property subject to the Violation or elect to terminate this Agreement and to receive a refund of the Down Payment. Buyer, and not Seller, shall be solely responsible for any Violation involving the Property arising from the acts or omissions of Buyer or Buyer's employees, agents, contractors, or representatives. Notwithstanding any other provision of this Agreement to the contrary, the provisions of this subparagraph d(ii) shall expressly survive for a period of two (2) years after the Closing.

(e) There are no leases or real property licenses involving any of the Property.

(f) Except as disclosed on Exhibit K (the "Contracts"), there are no other agreements, licenses or contracts involving the Property. Seller has not received any notice of termination or uncured notice of default under any of the Contracts and, to Seller's Knowledge, there is no existing default under the Contracts by any party thereto.

(g) There are no outstanding special assessments, or to Seller's Knowledge, pending special assessments against the Property. The Property has not been classified under any designation authorized by law to obtain a special low ad valorem tax rate or to receive a reduction, abatement or deferment of ad valorem taxes which will result in additional, "catch-up" or "roll-back" taxes in the future in order to recover the amounts reduced, abated or deferred.

(h) Seller has not received any written notice that any condemnation or other taking by eminent domain of any of the Property or any portion thereof or access thereto has been

instituted and, to Seller's Knowledge, there are no pending or threatened condemnation or eminent domain proceedings.

(i) Within three (3) Days after the Date of this Agreement, Seller shall provide Buyer with complete and accurate copies of all warranties and guarantees which are known by Seller to relate to the Property and which are in the possession or control of Seller. Seller has not received written notice of Seller's violation of any of such warranties or guarantees.

(j) To Seller's Knowledge, Seller has obtained all licenses, permits and approvals required to be obtained from all applicable governmental authorities in order to construct and occupy the Building and operate the current business on the Property.

(k) To Seller's Knowledge, there are no structural or other defects, latent or otherwise, in the Building. To Seller's Knowledge, the electrical, plumbing, HVAC, water, elevator, roofing, storm drainage and sanitary sewer systems servicing the Building and the Property are in good condition and working order. To Seller's Knowledge, the Building was constructed and installed in accordance with the requirements and conditions of all governmental permits applicable thereto and any private restrictive covenants affecting the Property.

(l) There are no employment, collective bargaining, or similar agreements or arrangements between Seller and any of its employees or other parties which will be binding on Buyer.

(m) Seller represents and warrants to Buyer that, to Seller's Knowledge, except as disclosed in the Environmental Reports: (i) no Hazardous Substances, nor any other pollutants, toxic materials, or contaminants have been or shall prior to Closing be discharged, disbursed, released, stored, treated, generated, disposed of, or allowed to escape on the Property, except that Seller's use on the Building Parcel of cleaning supplies, copying fluids, other office and maintenance supplies and other substances normally and customarily used by, and in amounts customarily used by, tenants occupying space for office and administrative purposes similar to the Building shall not be a breach of this representation and warranty, (ii) no asbestos or asbestos containing materials have been installed, used, incorporated into, or disposed of on the Property,

(iii) no polychlorinated biphenyls are located on or in the Property, in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device or form, (iv) no underground storage tanks are located on the Property or were located on the Property and subsequently removed or filled, (v) no investigation, administrative order, consent order and agreement, litigation, or settlement with respect to Hazardous Substances is threatened or in existence with respect to the Property, and (vi) the Land has not previously been used as a landfill, cemetery, or as a dump for garbage or refuse.

Seller makes no warranty or representation with regard to the presence or absence of wetlands on the Property or with respect to Buyer's ability to

develop the Development Parcel for a particular use or size, type of construction or density.

Section 7.2. Property to be Sold "As Is".

(a) Buyer has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by Seller or any agent, employee, attorney or other representative of Seller or by any broker or any other person representing or purporting to represent Seller, which are not expressly set forth in this Agreement, whether or not any such representations, warranties or statements were made in writing or orally, including, without limitation, the following: (i) the condition of the Property, including without limitation the FF&E, or its compliance with laws, ordinances or governmental regulations, or its suitability for Buyer's Intended Use; (ii) zoning, building code, subdivision and environmental regulations which may be applicable to the Property or any part thereof, or the impact, if any, of such requirements on Buyer's Intended Use, expressly including Buyer's intention to develop the Development Parcel; (iii) the assignability of licenses or contractual or other rights or permits now held by Seller in regard to the Property or any part thereof, if any; or (iv) any other matter or thing affecting the Property or any part thereof, and it is hereby agreed by Buyer that, except as expressly set forth herein, the Property is to be sold "AS IS" as of the Date of this Agreement, subject to reasonable wear and tear occurring after the Date of this Agreement until Closing and that Buyer has had an opportunity to inspect the Property

Section 7.3. Buyer's Representations.

Buyer represents and warrants the following are true and correct on the Date of this Agreement and shall be true and correct at the Closing.

(a) Buyer has all necessary power to execute and deliver this Agreement, to perform all obligations hereunder, and that this Agreement and any other documents delivered in connection herewith is valid and legally binding on Buyer.

(b) There is no litigation or proceeding pending which would interfere with Buyer's ability to comply with any of its obligations under this Agreement.

(c) Buyer has been duly formed, organized or created under the laws of its jurisdiction of formation, organization or creation and is in good standing or existence under the laws of such jurisdiction and, if necessary, has qualified to transact business in the State of North Carolina.

(d) Buyer expressly acknowledges that its ability to obtain capital or financing is not a condition precedent to its obligation to close its purchase of the Property in accordance with the terms of this Agreement.

Section 7.4. Survival of Representations and Warranties and No Third Party Beneficiaries.

The representations and warranties in Section 7.1 and 7.3 shall survive for one (1) year after the Closing [except for clause 7.1(d)(ii), which shall survive without limitation in the event of a Curable Violation as to which Seller is obligated to cure following the Closing] and are personal to the parties to this Agreement; none of such representations and warranties, nor any other provisions of this Agreement, shall confer any rights or remedies on any third parties, nor discharge any obligations of any third parties nor give any third party any right of subrogation over or action against any party to this Agreement.

ARTICLE 8. ADJUSTMENTS AND EXPENSES

Section 8.1. Seller's Expenses.

Seller shall pay at or prior to Closing the cost of the Title Report, the Survey, all state, county and municipal real property transfer taxes and documentary stamps incident to this sale, the first month's triple net rent under the Lucent Lease prorated in accordance with the terms of the Lucent Lease, one-half of all escrow fees, its attorneys' fees and the commission owed the Listing Broker. Seller's obligations under Section 8.1 shall survive the expiration or termination of this Agreement.

Section 8.2. Buyer's Expenses.

Buyer shall pay at or prior to Closing the cost of the premium for the title insurance policy for the Property, all document recordation fees, all costs associated with Buyer's Due Diligence, one-half of all escrow fees, its attorneys' and consultants' fees and the commission owed the Buyer's Broker. Buyer's obligations under Section 8.2 shall survive the expiration or termination of this Agreement.

Section 8.3 Closing Adjustments.

The following are to be apportioned as of midnight of the Day immediately prior to the Closing if and only to the extent that the same relate to the Development Parcel, as Seller and Buyer acknowledge and agree that all such obligations which relate to the Building Parcel are and shall remain the responsibility of Seller, as tenant under the Lucent Lease, and proration thereof is therefore waived:

(a) Taxes on the basis of the fiscal year for which assessed but prorated on a calendar year basis;

(b) Water meter charges and sewer rents, and any other applicable public utility charges on the basis of the fiscal year for which assessed or in accordance with the amounts fixed with respect thereto by meter reading made as of the Closing Date, as the case may be; and

(c) Property association dues and assessments, if applicable.

Prepaid amounts under the Contracts which relate to the Building Parcel for periods after the Closing Date shall not be prorated and shall be the responsibility of Seller.

Section 8.4. Assessments.

If, at Closing, the Property or any part thereof shall be affected by any special assessments that are or may become payable in installments, then for the purposes of this Agreement, if and to the extent that the same relate to the Development Parcel, Seller shall be required to pay only those installments that are due and payable on or prior to the Closing, and assessments during the year of Closing shall be prorated between Buyer and Seller. Assessments coming due after the Closing Date relating to the Development Parcel shall be paid by Buyer. All assessments relating to the Building Parcel shall be paid by Seller.

Section 8.5. Tax Adjustment.

(a) If the Closing shall occur before a tax rate is fixed, the apportionment of taxes shall be based upon the tax rate for the next preceding year applied to the latest assessed valuation, and Buyer and Seller, at the

request of either party, agree to reapportion said taxes as soon thereafter as the tax rate is fixed.

(b) Seller shall be entitled to the benefits of any refunds for any tax years prior to Closing, and shall pay all expenses for any administrative or judicial proceedings brought at any time to secure such refunds. Buyer shall execute all necessary documents and consents reasonably required by Seller in any such proceedings without cost or expense to Seller.

(c) Any refund and associated expenses relating to the tax year during which Closing occurs shall be apportioned between Buyer and Seller based upon the Closing Date. Unless otherwise agreed between Buyer and Seller, if Buyer owns the Property for fifty percent (50%) or

more of the tax year Buyer shall control any proceedings brought to secure such tax refund. In all other cases, Seller shall control such proceedings.

(d) The provisions of this Section 8.5 shall expressly survive for a period of two (2) years after the Closing.

ARTICLE 9. FIRE AND OTHER CASUALTY

Section 9.1. Seller's Obligation to Insure.

From the Date of this Agreement until Closing, Seller shall maintain fire and extended coverage insurance upon the Property in an amount not less than the full replacement value of the Building and business interruption insurance for a period of twelve (12) months and shall give a certificate of insurance to Buyer before the end of the Due Diligence Period evidencing such coverages.

Section 9.2. Buyer's Elections Upon Casualty.

In the event of any damage to the Property by reason of fire or other casualty occurring prior to the Closing (a "Casualty"), Seller shall give Buyer immediate notice thereof. If the cost of repairing the Building necessitated by the Casualty exceeds One Million Dollars ($1,000,000.00), then by written notice given within thirty (30) days after notice of the Casualty is received, either party may elect to terminate this Agreement, in which event the Down Payment shall be refunded to Buyer. In the event that neither Seller nor Buyer elect to terminate the Agreement as provided above, Buyer shall close upon the Property and cause the Building to be repaired, in which event the terms of the Lucent Lease shall control with respect to restoration, except as set forth in 9.3 below. The date of Closing shall be extended, as necessary, in order to give Buyer a thirty (30) day period in which to make its election. If the cost of repairing the Building necessitated by the Casualty is One Million Dollars ($1,000,000.00) or less, Buyer shall not have the right to terminate this Agreement, and Buyer shall cause the Building to be repaired,

in which event the terms of the Lucent Lease shall control with respect to restoration, except as set forth in 9.3 below.

Section 9.3. Buyer's Election to Repair.

If Buyer elects to repair the Building or if the Buyer is required to cause the Building to be repaired pursuant to the last sentence of Section 9.2, Buyer shall be obligated to complete the repair only to the extent the insurance proceeds received from Seller's insurance company, plus Seller's deductible, are adequate to cover the cost of such repair. Seller shall pay to Buyer all

proceeds of its insurance for the purpose of the repair, together with the amount of Seller's deductible (which deductible shall be credited to Buyer at Closing). If the funds made available to Buyer for repair as provided above are not sufficient to repair the Building to its condition before the Casualty, Seller shall be obligated to make available to Buyer sufficient funds to pay the difference between the cost of such repair and insurance proceeds plus Seller's deductible. Further, rent shall not abate under the Lucent Lease during any such restoration period. The provisions of this Section 9.3 shall expressly survive the Closing without limitation in the event of a Casualty and shall supercede and override any contrary provisions of the Lucent Lease.

Section 9.4. Purchase Price Unaffected.

Notwithstanding the occurrence of any Casualty and regardless of the extent thereof, if Buyer elects to repair the Building, the sale contemplated by this Agreement shall be consummated at the Closing without abatement of the Purchase Price.

Section 9.5. The provisions of this Article 9 shall expressly survive the Closing in the event a Casualty occurs and the purchase and sale is consummated as contemplated herein.

ARTICLE 10. CONDEMNATION

Section 10.1. Taking of Less than Substantial Part.

If, prior to the Closing, a Taking which does not involve any Substantial Part of the Building or the Property shall occur or be threatened, the Closing shall take place without any abatement of the Purchase Price, and neither party shall have any right to terminate its

obligations hereunder by reason thereof. At the Closing, Seller shall assign to Buyer all Seller's rights to awards in respect to such Taking. Seller agrees that it will not settle or compromise any such award without the written consent of Buyer, which shall not be unreasonably withheld, conditioned or delayed.

Section 10.2. Taking of Substantial Part.

If, prior to the Closing, a Taking of any Substantial Part of the Building or the Property shall occur or be threatened, Buyer may terminate this Agreement by notice to Seller given not later than thirty (30) Days after the date on which Seller notifies Buyer of such Taking or threatened Taking. Further, if the Taking affects a Substantial Part of the Building Parcel and Seller's ability to continue to operate for business would be materially and adversely affected thereby, Seller may elect to terminate this Agreement. If either party so elects to terminate this Agreement, Seller shall return the Down Payment to Buyer, with interest earned thereon, and neither party shall have any further liability to the other, except as expressly reserved in this Agreement. If neither party elects to terminate this Agreement as permitted above, the Closing shall take place on the terms specified in Section 10.1.

ARTICLE 11. BROKERS

Section 11.1. Brokers.

Buyer and Seller each represents to the other that no broker or similar party has been involved in bringing about or negotiating this transaction except Buyer's Broker and the Listing Broker. Seller agrees to pay a commission to the Listing Broker in accordance with its separate written agreement with the Listing Broker, and Buyer agrees to pay any commission due Buyer's Broker.

Buyer agrees to Indemnify Lucent and Affiliates for matters arising out of the breach of the foregoing representation by Buyer, and from any claim by any person, other than the Listing Broker, that they have dealt with Buyer in connection with this transaction. Seller agrees to Indemnify Buyer for matters arising out of the breach of the foregoing representation by Seller

and from any claim by any person, other than Buyer's Broker, that they have dealt with Seller in connection with this transaction. The provisions of this Section 11.1 shall survive the Closing or any termination or cancellation of this Agreement.

ARTICLE 12. CONFIDENTIALITY AND USE OF NAME

Section 12.1. Confidentiality.

Any specifications, drawings, sketches, diagrams, computer or other apparatus programs, manuals, technical, business or tenant information or Property Records or data, including methods and concepts set forth or utilized therein ("Information"), if any, which either party may furnish hereunder or in contemplation hereof shall be held in confidence by the other party and shall not be published or otherwise disclosed (except to such party's attorneys, accountants, consultants, employees, investors, lenders, partners, shareholders and tenants, who shall be instructed as to the confidential nature of the Information) without Buyer's and Seller's written permission except as hereinafter provided. Unless such Information was previously known to either party free of any obligation to accept it in confidence or has been or is subsequently made public by Buyer or Seller to a third party, it shall be kept in confidence by both parties and may be used solely in connection with the transaction contemplated hereunder (including disclosure as permitted in the preceding sentence) and may not be used for other purposes except upon such terms as may be agreed upon in writing between Buyer and Seller.

Section 12.2. Use of Lucent Name.

Buyer acknowledges that Seller's name and logo, as well as the name "Bell Laboratories" and its logo, constitute Seller's intellectual property. Buyer will not use such names or logos in a manner that will violate Seller's intellectual property rights. Buyer may not use the names "Lucent" and "Bell Laboratories", except in Buyer's materials that identify Seller as the occupant of the Building on the Property and Buyer may give general information about Seller which is public knowledge (for example, information contained in Seller's annual report) but no such

materials shall imply an endorsement or sponsorship by Seller or an affiliation between Seller and Buyer.

Section 12.3. Press Release.

Prior to the Closing, Buyer shall not make any public announcement or press release concerning this transaction.

Section 12.4. Survival of Seller's and Buyer's Obligations.

Seller's and Buyer's obligations under this Article 12 shall survive the Closing or any termination or cancellation of this Agreement.

ARTICLE 13. ATTORNEYS' FEES

Section 13.1. Attorneys' Fees.

The prevailing party to any action or proceeding between Buyer and Seller with respect to the interpretation of or breach of this Agreement or the transaction contemplated hereunder shall be entitled to have and recover all reasonable costs, expenses, and attorneys' fees, expert witness fees and other costs of defense incurred in connection therewith. The provisions of this Section 13.1 shall expressly survive the Closing or any termination or cancellation of this Agreement.

ARTICLE 14. RECORDATION AND ASSIGNMENT

Section 14.1. Recordation and Assignment.

This Agreement shall not be recorded. This Agreement is personal to Buyer and shall not be assigned by Buyer except to an affiliate of Buyer or an affiliate of Wells Capital, Inc. without the consent of Seller, which consent shall not be unreasonably withheld. No assignment by Buyer of its rights and obligations under this Agreement shall release Buyer from its obligations hereunder.

ARTICLE 15. MERGER OF CONTRACT

Section 15.1. Merger.

The acceptance of a deed by Buyer shall be deemed to be a full performance and discharge of every agreement and obligation on the part of Seller to be performed pursuant to the provisions of this Agreement, except those in the Lucent Lease and those, which are herein specifically stated to survive the Closing or any termination or cancellation of this Agreement.

ARTICLE 16. APPLICABLE LAW

Section 16.1. Applicable Law.

This Agreement shall be governed by the laws of the state where the Property is located. Buyer and Seller consent to be subject to the jurisdiction of the courts of such State.

ARTICLE 17. [Intentionally Deleted]

ARTICLE 18. EXCHANGE OF PROPERTIES

Section 18.1. Exchange of Properties.

(a) Notwithstanding any terms in the Agreement to the contrary, Seller shall have the right to exchange the Property to qualify as a tax-deferred exchange under the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations thereunder.

(b) Buyer agrees to cooperate with Seller with respect to any tax-deferred exchange pursuant to the provisions of Section 1031 of the Code and the Treasury Regulations thereunder, provided that (i) Buyer incurs no additional cost or expense attributable to the exchange, including reasonable attorneys' fees, deed excise taxes and recording fees; (ii) Seller agrees to indemnify and hold Buyer harmless from and against all liability arising out of its cooperation in effecting the exchange as requested by Seller; and (c) Buyer shall have no personal liability with respect to the deferred exchange and shall not be required to purchase any replacement property (the "Replacement Property").

(c) Seller and Buyer acknowledge that Buyer shall not be deemed Seller's agent in connection with said exchange. Seller and Buyer further acknowledge that all agreements in connection with performing the Exchange shall be prepared at Seller's expense by Seller's counsel.

(d) Seller shall have the right to transfer its interests under the Agreement to a qualified intermediary (the "Intermediary") in accordance with the provisions of Section 1031 of the Code and the Treasury Regulations thereunder, and, as a result of that transfer, the Intermediary will acquire an equitable interest in the title to the Property. At the request of Seller, Buyer agrees, within five (5) days after request, to enter into an Assignment Agreement in the form attached as Exhibit H.

ARTICLE 19. MISCELLANEOUS

Section 19.1. Entire Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior written or oral understandings of the parties, all of which are merged herein.

Section 19.2. All Amendments in Writing.

This Agreement may not be modified or changed in any respect except in the event of a written amendment executed by both parties.

Section 19.3. Invalidity.

If any of the terms or conditions of this Agreement are determined to be invalid, void or illegal, such determination shall in no way affect or invalidate any of the other provisions of this Agreement.

Section 19.4. Counterparts.

This Agreement may be signed in counterparts and each such counterpart shall be deemed to be an original. Any signature, witness's signature, or both, appearing on a counterpart of this Agreement shall be deemed to appear on all other counterparts of this Agreement. This Agreement shall only be and become effective upon its unconditional delivery by and between the parties hereto.

Section 19.5. Origination Of Document

This Agreement has been negotiated by Seller and Buyer, and this Agreement, together with all of the terms and provisions hereof, shall not be deemed to have been prepared by either Seller or Buyer, but by both equally.

ARTICLE 20. NOTICES

Section 20.1. Notices.

Except as otherwise specified herein, all notices, demands, requests, consents, approvals and other communications (collectively, "Notices") required or permitted to be given hereunder must be in writing, and must be given or made by personal delivery, overnight delivery service or by mailing the same by certified, registered or express mail, or express delivery service, postage prepaid, return receipt requested, addressed to the party to be so notified, as follows:

If to Seller: LUCENT TECHNOLOGIES INC.
475 South Street
Morristown, New Jersey 07962
Attn: District Manager, U.S. Transactions
Telecopy Number: 973-606-3078

with a copy to: LUCENT TECHNOLOGIES INC.
475 South Street
Morristown, New Jersey 07962
Attn: Corporate Counsel, Real Estate
Telecopy Number: 973-606-3336

LUCENT TECHNOLOGIES INC.
2400 SW 145/th/ Avenue, Room IS021
Miramar, Florida 33027
Attn: Transaction Manager
Telecopy Number: 954-885-3855

If to Buyer: WELLS OPERATING PARTNERSHIP, L.P.
6200 The Corners Parkway
Suite 250
Atlanta, Georgia 30082
Attn: Mr. Michael Berndt
Telecopy Number: 770-200-8199

with a copy to: Maureen Theresa Callahan, Esq.
Troutman Sanders LLP
600 Peachtree Street, NE
Suite 5200
Atlanta, Georgia 30308-2216
Telecopy Number: 404-962-6520.

Any Notice shall be deemed given on receipt or three (3) Business Days after the mailing thereof, whichever occurs first. Either party may change the addresses for Notices to such party by mailing a Notice. Notices may be given by the attorneys for the parties.

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement as of the date first above written.

SELLER:

WITNESS: LUCENT TECHNOLOGIES INC.,
a Delaware corporation

_____ By: /s/ Timothy Webb

Name: Timothy Webb
Title: Director, Asset Management

Date of Execution: September __, 2001

BUYER:

WITNESS:

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

/s/ Brent E. Jenkins

Brent E. Jenkins
Senior Manager, Global Real Estate Transactions

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

By: /s/ Douglas P. Williams

Name: Douglas P. Williams

Title: Executive Vice President

Date of Execution: September 19, 2001

EXHIBIT A

The Land

Those certain lots of land in Cary, Wake County, North Carolina known as Lot-B-I and Lot-1-B-II as shown plat of survey entitled "Subdivision Map: LUCENT TECHNOLOGIES Lot 1-B Triangle Medical & Surgical Associates, LLC dated 02-23-99 prepared by Sullivan Surveying recorded in Book of Maps 1999, Page 1059, Wake County, North Carolina Registry.

The above description shall be revised at or before Closing in accordance with a recombination plat changing the property line between the above lots to be recorded at or before Closing.

EXHIBIT 10.106

LEASE AGREEMENT FOR THE LUCENT BUILDING

NET LEASE AGREEMENT

FROM

WELLS OPERATING PARTNERSHIP, L.P.

LANDLORD

TO

LUCENT TECHNOLOGIES INC.

TENANT

PREMISES: 200 Lucent Lane,
Cary, North Carolina

DATED: September 28, 2001

* * * *

The mailing, delivery or negotiation of this Lease by Tenant or Landlord or their respective agents, brokers, or attorneys shall not be deemed an offer by Tenant or Landlord to enter into this Lease or to enter into any other relationship with Landlord or Tenant, as the case may be, whether on the terms contained herein or on any other terms. This Lease shall not be binding upon Tenant or Landlord, and neither Tenant nor Landlord shall have any rights, obligations or liabilities with respect thereto, or with respect to the Premises, unless and until Tenant and Landlord have executed and delivered this Lease. Until such execution and delivery of this Lease, Tenant and Landlord each may terminate all negotiation and discussion of the subject matter hereof, without cause and for any reason, without recourse or liability to the other.

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LEASE AGREEMENT

THIS LEASE AGREEMENT made this 28 day of September, 2001 between WELLS OPERATING PARTNERSHIP, L.P. ("Landlord"), a Delaware limited partnership, having an office at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092, and LUCENT TECHNOLOGIES INC. ("Tenant"), a Delaware corporation, having its principal office at 600 Mountain Avenue, Morristown, New Jersey 07960.

W I T N E S S E T H:

1. Definitions.

The following terms are defined in the paragraphs listed below:

TERM	PARAGRAPH
Additional Rent	4(c)
Alterations	15(a)
BOMA Standards	2(b)
Building	2(a)
Casualty	17(a)
Environmental Laws	10(b)

Event of Default	30(a)
Expiration Date	3(a)
Extended Term	40(a)
Fair Market Rent	40(b)
Fixed Rent	4(a)
Fixtures	15(f)
Force Majeure	48(d)
Hazardous Substances	10(b)
Impositions	13(a)(i)(1)
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Premises	2(a)
Primary Term	3(a)
Property	2(a)

TERM	PARAGRAPH
Qualified Real Estate	

Appraiser	42(f)
Rent	4(c)
Rentable Floor Area of the Premises	2(b)
Rentable Floor Area of the Building	2(b)
Rental Commencement Date	3(a)
Substantial Taking	18(a)
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Taking	18(a)
Target Date	5(a)
Taxes	13(a)(iii)
Tenant Affiliate	16(d)
Tenant's Property	7
Term	3(a)

2. Premises Demised.

(a) Landlord leases and demises to Tenant and Tenant hires from Landlord the "Premises" (as hereinafter defined). The "Premises" shall mean the "Property" (as hereinafter defined). The "Property" shall mean the "Land" (as hereinafter defined), together with all improvements now or hereafter located on the Land, including but not limited to the "Building" (as hereinafter defined), the Building's parking facilities, any walkways, covered walkways or other means of access to the Building and the Building's parking facilities, lobbies, plazas, and landscaping. The "Building" means that certain building consisting of approximately 120,000 rentable square feet and located at 200 Lucent Lane, Cary, North Carolina. No easement for light, view or air is included in the Premises or granted hereunder. The Building is located on the parcel of land described on the attached Exhibit B (the "Land").

(b) For purposes of this Lease, the "Rentable Floor Area of the Premises" shall mean 120,000 square feet and the "Rentable Floor Area of the Building" shall mean 120,000 square feet.

3. Term.

The primary term of this Lease (the "Primary Term") shall commence on the date hereof and shall expire at 11:59 p.m. on September 30, 2011 (the "Initial

Expiration Date"). The date of this Lease is sometimes referred to as the "Rental Commencement Date". As used in this Lease, "Term" shall mean the Primary Term and any duly exercised extension of the term. "Expiration Date" shall mean the later of the Initial Expiration Date or the date upon which any Extended Term (the option for which has been exercised) would have expired but for any termination of this Lease.

4. Rental.

(a) For each Lease Year (as hereinafter defined), Tenant agrees to pay Landlord the annual rent set forth in subparagraph (b) of this Paragraph 4 (the "Fixed Rent"). Fixed Rent shall be payable in equal monthly installments, in advance, on the first day of each month of the Term. Rent for any month's partial occupancy shall be prorated, as shall Rent for any Lease Year consisting of more or less than twelve (12) full calendar months. As used in this Lease, the term "Lease Year" shall mean the twelve month period commencing on the Rental Commencement Date, and each successive twelve month period thereafter during the Term, except that if the Rental Commencement Date is not on the first day of a calendar month, the first Lease Year shall extend through the end of the twelfth month after the Rental Commencement Date.

(b) Fixed Rent: The Fixed Rent payable in each Lease Year of the Primary Term shall be:

Lease Year	Fixed Rent	Monthly Installments
1	$1,800,000.00	$150,000.00
2	$1,854,000.00	$154,500.00
3	$1,909,620.00	$159,135.00
4	$1,966,908.60	$163,909.05
5	$2,025,915.96	$168,826.33
6	$2,086,693.44	$173,891.12
7	$2,149,294.20	$179,107.85
8	$2,213,772.96	$184,481.08
9	$2,280,186.12	$190,015.51
10	$2,348,591.76	$195,715.98

(c) "Rent" shall mean Fixed Rent. Tenant covenants and agrees to pay to Landlord, from time to time as provided in this Lease, (i) interest at the "Interest Rate" [which for all purposes of this Lease shall equal two percent (2%) plus the "prime rate" (as used herein, "prime rate" shall mean the rate of interest per annum announced from time to time by Bank of America, N.A., or its successor organization, as its prime commercial lending rate)] on all installments of Rent not paid by the fifth (5th) day after receipt by Tenant of notice of nonpayment, from the due date through the date of payment, provided, however, such five (5) day grace period shall be applicable only two (2) times in any twelve (12) month period, and with respect to any installment of Rent thereafter coming due within said twelve (12) month period, interest shall accrue from the due date of such Rent through the date of payment regardless of whether same is paid by the fifth (5/th/) day after receipt by Tenant of notice of nonpayment, (ii) all amounts, other than

Rent, which Tenant herein agrees to assume and pay to Landlord, (iii) all other amounts (including but not limited to Taxes) which Tenant herein agrees to assume and pay to a third party or third parties, in those circumstances where Tenant shall fail or refuse to pay to such third party or parties and Landlord elects to pay such amounts as herein provided, and (iv) interest at the Interest Rate on amounts referred to in (ii) and (iii) above not paid within five (5) days after receipt by Tenant of notice of nonpayment thereof, from the due date through the date paid or, if demand is required therefor by the terms of this Lease, from the date which is forty-five (45) days after the date of demand

through the date paid (all of the aforementioned items being herein included in "Additional Rent"). If Tenant fails to pay any Additional Rent, Landlord shall have the same rights, powers and remedies for such failure as are provided in this Lease, at law, in equity or otherwise for the nonpayment of Rent.

5. Delivery of Possession.

As of the date hereof, Tenant acknowledges that Landlord has delivered possession of the Premises to Tenant and accepts the Premises in their current "AS-IS" condition. Tenant further acknowledges that the Premises are acceptable for Tenant's permitted use, as set forth in Paragraph 8.

6. Intentionally Omitted.

7. Tenant's Property.

"Tenant's Property" shall mean all of Tenant's personal property, furniture, furnishings, signs, telecommunication equipment, equipment and trade fixtures, including but not limited to all modular office furniture located on the Premises. Tenant's right to remove Tenant's Property upon the expiration or other termination of this Lease shall be governed by the provisions of Paragraph 51 hereof.

8. Use.

The Premises shall be used for executive, general administrative, office space, telemarketing center, telephone customer service center, research and development, and other similar purposes and no other purposes and in accordance with all applicable Legal Requirements, all nationally recognized industry standards applicable to such uses and the Rules and Regulations attached hereto and made a part hereof. Manufacturing and assembly are expressly prohibited uses. Tenant covenants and agrees to abide by the Rules and Regulations in all respects as now set forth and attached hereto and, upon receipt of a copy thereof, as hereafter promulgated by Landlord. Landlord shall

have the right at all times during the Term to publish and promulgate and thereafter enforce such rules and regulations or changes in the existing Rules and Regulations as it may reasonably deem necessary to protect the tenantability, safety, operation, and welfare of the Premises and the Property.

9. Compliance with Legal Requirements.

(a) Landlord shall comply with all applicable Legal Requirements which apply to the use of the Premises for office use in general and which pertain to the structural components of the Building, including without limitation the roof, roofing system, exterior walls, bearing walls, support beams, foundations, columns, exterior doors and windows and lateral support to the Building. Tenant shall comply with Legal Requirements which apply to any particular manner in which Tenant uses the Premises (as distinguished from general office use) and which pertain to the structural components of the Building. With respect to any changes, repairs, alterations, or additions to the Premises which are non-structural, Tenant will also comply with all Legal Requirements pertaining to the Premises, whether required of office buildings in general or required for Tenant's particular use of the Premises. Tenant shall defend, indemnify and save Landlord harmless from any claims, fines, penalties, liabilities, losses, damages, costs and expenses (including reasonable attorney's fees, expert witness fees and other costs of defense) arising from the failure of Tenant to comply with its obligations under this Paragraph 9.

(b) "Legal Requirements" shall mean (i) all federal, state, county,

municipal and other governmental statutes, laws, rules, orders, regulations, ordinances or recommendations affecting the Premises or any part thereof, or the use thereof, including without limitation those which require repairs to or any structural changes in the Premises or the Building whether or not any such statutes, laws, rules, orders, regulations, ordinances or recommendations which are now existing or which may hereafter be enacted involve a change of policy on the part of the governmental body enacting the same, (ii) all rules, orders and regulations of the National Board of Fire Underwriters or other bodies exercising similar functions and responsibilities in connection with the prevention of fire or the correction of hazardous conditions which apply to the Premises, (iii) the requirements of all policies of public liability, fire and other insurance which at any time may be in force with respect to the Premises, and (iv) private restrictive covenants applicable to the Property.

10. Environmental Compliance.

(a) Tenant agrees to comply with all applicable Environmental Laws [as defined in Paragraph 10(b) hereof] insofar as they pertain solely to the particular manner in which Tenant shall use the Premises.

(b) Tenant shall not generate, store, handle, transport, treat, dispose of or use on the Premises any Hazardous Substances, except that Tenant's use on the Premises of cleaning supplies, copying fluids, other office and maintenance supplies and other substances normally and customarily used by, and in amounts customarily used by, tenants occupying space for office and administrative purposes similar to the Premises shall not be deemed a violation of this Paragraph 10(b), but only so long as the quantities thereof do not pose a threat to public health or to the environment and do not necessitate a "response action", as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, and so long as Tenant strictly complies or causes compliance with all Environmental Laws concerning the use, storage, production, transportation and disposal of such Hazardous Substances. "Hazardous Substances" shall mean and include those elements or compounds which are contained in the list of Hazardous Substances adopted by the United States Environmental Protection Agency (EPA) or in any list of toxic pollutants designated by Congress or the EPA or which are defined as hazardous, toxic, pollutant, infectious or radioactive by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including, without limitation, strict liability) or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereinafter in effect (collectively "Environmental Laws"). Tenant agrees that any Alterations (as permitted in accordance with the provisions of Paragraph 15) made by it to the Premises will contain no Hazardous Substances that would violate Environmental Laws or pose a threat to public health or the environment except that Tenant's use of commercially available construction products and materials, normally and customarily used in, and in amounts customarily used in, the construction of improvements in buildings similar to the Building by tenants occupying space for office and administrative purposes similar to the Premises shall not be deemed a violation of this sentence when such products and materials are used and installed as is usual and customary in the construction of improvements similar to the Building at the time of construction or installation.

(c) Tenant shall defend, indemnify and save Landlord harmless from any claims, fines, penalties, liabilities (including without limitation strict liability), losses, damages, costs and expenses (including without limitation reasonable

attorney's fees, expert witness fees and other costs of defense and costs of any settlement or judgment or claims asserted or arising under the Comprehensive Environmental Response, Compensation, and Liability Act, any so-called federal,

state or local "Superfund" or "Superlien" laws or any other Environmental Law) which arise from Tenant's breach of its representations, warranties, covenants and agreements contained in this Paragraph 10.

11. Repairs and Maintenance.

(a) Landlord shall not be required to maintain nor make any repairs, replacements or improvements to the Property.

(b) Except for the obligations of Landlord under Paragraphs 11(a), 17 and 18 hereof, Tenant covenants and agrees that at Tenant's sole cost (i) Tenant will take good care of the Premises and all alterations, additions and improvements thereto and will keep and maintain the same in good condition and repair, except for normal wear and tear and casualty, (ii) Tenant shall perform diligently, promptly and in a good and workmanlike manner in compliance with all applicable Legal Requirements, all maintenance, repairs and replacements to the Premises, and (iii) Tenant shall operate, use, clean, repair and maintain (including without limitation replacements), and provide security for, the Property, in a first-class manner, including without limitation providing the Building Standard Services and providing the following:

(1) electricity, gas, steam, water, sanitary sewer, air conditioning and other fuel and utilities for the Property;

(2) casualty, liability, fidelity, rental loss, plate glass and any other insurance applicable to the Property;

(3) repairs, maintenance and painting;

(4) all supplies, tools, materials and equipment used in the operation, management, maintenance and access control of the Property;

(5) supplies, work clothes and dry cleaning;

(6) maintenance and service agreements for the Property and the equipment therein, including but not limited to window cleaning, security personnel, service or system, elevator maintenance, HVAC maintenance, janitorial service,

waste recycling service, landscaping maintenance and customary landscaping replacement;

(7) telephone and stationery;

(8) legal, accounting and other professional fees and disbursements incurred in connection with the operation, management, maintenance and repair of the Property;

(9) association fees and dues levied pursuant to recorded instruments affecting the Property, if any;

(10) decorations;

(11) exterior and interior landscaping;

(12) wages, salaries and other costs of all on-site and off-site employees engaged in the operation, management, maintenance or access control of the Property, including taxes, insurance and benefits;

(13) operating and maintaining the signage described in Paragraph 26 hereof;

(14) all items (including security equipment and energy management equipment), amortized over their respective useful lives, which

are installed for the purpose of reducing operating expenses, promoting safety, complying with governmental requirements, or maintaining the first-class nature of the Property; and

(15) trash and garbage removal, vermin extermination, and snow, ice and debris removal.

Tenant shall at once report, in writing, to Landlord any defective or dangerous condition known to Tenant. To the fullest extent permitted by law, Tenant agrees that the rights of Tenant set forth in this Lease to make repairs at the expense of Landlord are the sole and exclusive rights and remedies of Tenant for the failure of Landlord to make repairs. Landlord has no obligation and has made no promise to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, except as may be specifically and expressly herein set forth. This Lease sets forth the sole and exclusive rights of Tenant to terminate this Lease or quit and surrender the Premises or receive an abatement of rent by reason of any happening, event, occurrence or situation during the Term, whether foreseen or unforeseen, and however extraordinary. In addition to and not in limitation of the foregoing, during the Term, Tenant shall, at its sole expense, (i) do its own redecorating of the interior of

the Premises; (ii) be responsible for normal, routine maintenance and care of the interior of the Premises, such as changing filters and light bulbs, and (iii) make all repairs caused by Tenant's negligence, unless covered by any insurance policy maintained by Landlord or unless caused by the negligence or willful misconduct of Landlord, its agents, independent contractors, representatives or employees. Landlord shall grant Tenant a nonexclusive assignment, to be shared in common with Landlord, its successors and assigns, of all warranties and guaranties assigned to Landlord by Tenant, upon Landlord's acquisition of the Property from Tenant, with respect to items which Tenant is obligated to repair hereunder.

12. Intentionally Omitted
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13. Taxes.

(a) For purposes of this Lease, the following Definitions shall apply:

(i) "Taxes" shall mean all real estate taxes, assessments (special or otherwise), sewer and water rents, rates and charges, and any other governmental (including without limitation taxing districts and authorities now existing or hereafter created) levies, impositions and charges of a similar nature and any other taxes and assessments attributable to the Property or its operation (and the costs of contesting any of the same), including without limitation business license taxes and fees ("Impositions"), which may be levied, assessed or imposed on or in respect of all or any part of the Property, whether or not the same constitute one or more tax lots. If, however, by law, any assessment may be divided and paid in annual installments, then, for the purposes of this definition, (i) such assessment shall be deemed to have been so divided and to be payable in the maximum number of annual installments permitted by law, and (ii) there shall be deemed included in Taxes for each calendar year the annual installment of such assessment becoming payable during such year, together with interest payable during such year on such annual installment and on all installments thereafter becoming due as provided by law, all as if such assessment had been so divided. Impositions do not include taxes and assessments imposed on the personal property of the tenants of the Property, federal and state taxes on income, death taxes, franchise taxes.

(ii) "Taxes" shall include penalties and interest resulting from Tenant's failure to pay all or any portion of the Taxes in accordance with Paragraph 13(b) hereof.

(b) Tenant shall be solely responsible for and shall pay prior to delinquency all Taxes. On or before the date such Taxes become delinquent or any interest or penalty shall be imposed for nonpayment thereof, Tenant shall provide Landlord with written evidence of such payment of Taxes.

(c) Tenant shall pay promptly when due all taxes directly or indirectly imposed or assessed upon Tenant's gross sales, business operations, machinery, equipment, trade fixtures and other personal property or assets, whether such taxes are assessed against Tenant, Landlord, the Property or the Building. In the event that such taxes are imposed or assessed against Landlord or the Property or the Building, Landlord shall furnish Tenant with copies of all applicable tax bills, public charges and other assessments or impositions and Tenant shall forthwith pay the same either directly to the taxing authority or, at Landlord's option, to Landlord. In addition, in the event there is imposed at any time a tax upon and/or measured by the rental payable by Tenant under this Lease, whether by way of a sales or use tax or otherwise, Tenant shall be responsible for the payment of such tax and shall pay the same on or prior to the due date thereof; provided, however, that the foregoing shall not include any inheritance, estate, succession, transfer, gift or income tax imposed on or payable by Landlord.

(c) Tenant shall be entitled to any reductions or refunds (net of the costs of collection thereof) for taxes paid by Tenant. If any reduction or refund is credited or paid to Landlord for taxes paid by Tenant, said amount shall be paid by Landlord to Tenant within twenty (20) days after receipt by Landlord of credit or payment. This provision shall survive the expiration of this Lease.

(d) Provided Landlord consents, which consent shall not be unreasonably withheld or delayed, Tenant, at Tenant's sole cost and expense, shall have the right to contest the validity or the amount of any Taxes by appropriate proceedings conducted in good faith and with due diligence in the applicable jurisdiction, and may defer payments of such obligations, pay same under protest, or take such other steps as Tenant may deem appropriate, provided, however, that (a) Tenant shall first make all contested payments (under protest if it desires) unless such proceeding shall suspend the collection thereof from Landlord and from Rent under this Lease and from the Property and the Premises, (b) no part of the Premises or the Property or any interest therein or the Rent under this Lease shall be subjected thereby to sale, forfeiture, foreclosure or interference, (c) Landlord shall not be exposed thereby to any civil or criminal liability for failure to comply with any law, statute, code or regulation and neither the Premises nor the Property shall be subject to the imposition

of any lien as a result of such failure, and (d) Tenant shall have furnished any security required in such proceeding or under this Lease or reasonably requested by Landlord to ensure payment of any Taxes. Landlord shall cooperate in the institution and prosecution of any such proceedings and will execute any documents required therefor without cost or expense to Tenant. The expense of such proceedings shall be borne by Tenant. Tenant shall be entitled to retain any refunds or rebates secured in such proceedings. Tenant agrees that it shall pay, and save Landlord harmless from and against, any and all losses, judgments, decrees and costs (including all attorneys' fees and expenses) in connection with any such contest and that, promptly after the final determination of every such contest, Tenant shall fully pay and discharge all amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein, together with all penalties, fines, interest, costs and expenses resulting therefrom.

14. Services and Utilities.

(a) Tenant acknowledges that all utility service connections to the Premises and the Building, including but not limited to connections for water, sewerage, and electrical service, currently exist and are sufficient to permit

Tenant's use of the Premises and Building as permitted hereunder. The cost of any additional or upgraded utility service connections desired by Tenant during the Term of this Lease shall be paid for by Tenant.

15. Alterations.

(a) Without first obtaining Landlord's prior written consent, Tenant shall not make any alterations, additions or improvements or install any floor covering, lighting, plumbing fixtures, shades or awnings or any exterior "Fixtures" [as defined in Paragraph 15(f)] or make any changes in the Premises (individually, an "Alteration", collectively, "Alterations"); provided, however, that Tenant shall have no obligation to obtain Landlord's consent for any Alteration or related series of Alterations if such Alteration or related series of Alterations:

(i) are nonstructural;

(ii) do not cause any violation of and do not require any change in any certificate of occupancy applicable to the Building;

(iii) do not cause any change in the outside appearance of the Building, do not weaken or impair the structure of the

Building and do not materially reduce the value of the Premises or the Building or the Property;

(iii) do not affect the proper functioning of the Building equipment; and

(iv) do not cost in excess of $100,000.00.

Even if Landlord's consent is not required for any Alteration or Alterations, Tenant shall give Landlord prior notice of any Alteration or related series of Alterations, and upon completion of any Alterations (other than decorations), Tenant shall deliver to Landlord three (3) copies of the "as-built" plans for such Alterations.

(b) With respect to any Alterations that require Landlord's consent, such consent shall not be unreasonably withheld, delayed or qualified.

(c) Tenant agrees that all Alterations shall at all times comply with all applicable Legal Requirements and that Tenant, at its expense, shall (i) obtain all necessary municipal and other governmental permits, authorizations, approvals and certificates for the construction of such Alterations, (ii) deliver a copy of such items to Landlord and (iii) cause all Alterations to be constructed lien free, in a good and workmanlike manner, in accordance with all Legal Requirements. Tenant, at its expense, shall promptly procure the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations issued by any public authority having or asserting jurisdiction.

(d) Throughout the making of all Alterations (other than mere decorations), Tenant, at its expense, shall carry or cause its contractors to carry the following:

(i) Builder's Risk Insurance, covering Landlord, Landlord's agents and Landlord's lender(s), and Tenant and Tenant's contractor, as their interests may appear, against loss or damage by fire, vandalism, and malicious mischief and other such risks as are customarily covered by the so-called "broad form extended coverage endorsement" upon all the Alterations in place and all materials stored at the site of the Alterations and all materials, equipment and supplies of all kinds incident to the Alterations, all on a completed value basis to the full insurable value at all times. Said Builder's Risk Insurance will also include

coverage for loss of rents for a period of twelve (12) months. Said Builder's Risk Insurance shall contain an express waiver of any right

of subrogation by the insurer against Landlord, its agents, employees and contractors.

(ii) Commercial general liability insurance covering any occurrence in or about the Premises in connection with such Alterations which complies with the requirements of Paragraph 20. Such liability insurance shall be on a comprehensive basis including:

(A) Premises - Operations (including X-C-U);

(B) Independent contractors protection;

(C) Contractual liability; and

(D) Broad form coverage for property damage.

(iii) Automobile liability for owned, non-owned and hired motor vehicles; and

(iv) Statutory Workers' Compensation as required by the State of North Carolina or local municipality having jurisdiction.

All insurance policies procured and maintained pursuant to this subparagraph shall name Landlord, Landlord's partners, Landlord's agents and Landlord's lender(s) as additional insureds and/or loss payees, shall be carried with companies licensed to do business in the State of North Carolina reasonably satisfactory to Landlord and shall provide twenty (20) days' written notice to Landlord. Duly executed certificates of insurance with respect thereto shall be delivered to Landlord before the commencement of the Alterations, and renewals thereof as required shall be delivered to Landlord prior to the expiration of each respective policy term. If Tenant carries the foregoing insurance rather than its contractor, the insurance company identified in Section 19 shall be acceptable to Landlord.

(e) Tenant shall indemnify Landlord against liability for any and all mechanics' and other liens filed in connection with Alterations. Tenant, at its expense, shall procure the discharge of any such lien within thirty (30) days after the filing thereof against any part of the Property. If Tenant fails to discharge any such lien within such thirty (30) day period, then, in addition to any other right or remedy, Landlord may, upon giving ten (10) days' prior written notice to Tenant, discharge the same either by paying the amount claimed to be due or by deposit or bonding proceedings if Tenant has not discharged the lien within the ten (10) day notice period provided herein. Any amount so

paid by Landlord, and all costs and expenses incurred by Landlord in connection therewith, shall be payable by Tenant upon demand.

(f) Except for items constituting Tenant's Property, all Alterations, whether or not at the expense of Tenant, and whether or not Landlord's consent is required shall be and remain a part of the Premises, shall be deemed the property of Landlord as of the date such Alterations are completed, attached to or built into the Premises, shall not be removed by Tenant and shall remain on the Premises at the expiration or earlier termination of the Term without compensation to Tenant. "Fixtures" shall mean electrical, plumbing, heating and sprinkling equipment, fixtures, outlets, venetian blinds, partitions, gates, doors, vaults, paneling, molding, shelving, radiator enclosures, cork, rubber, linoleum and composition floors, ventilating, silencing, air conditioning and cooling equipment, and all fixtures, equipment and appurtenances of a similar nature or purpose. If any Alterations involve the removal of any Fixtures, such

Fixtures shall be promptly replaced, at Tenant's expense and free of superior title, liens, security interests and claims, with like property, of at least equal quality and value. Under no circumstances shall Tenant be required at any time to remove or restore (i) any Alterations that do not require Landlord's consent, (ii) any Alterations that do require Landlord's consent, unless Landlord, at the time it gives such consent, expressly requires in writing removal or restoration of such Alterations, or (iii) any partitions, flooring, floor covering, pipes, wires, conduits run through a floor, ceiling, or partition, provided these are cut off or capped in accordance with all applicable Legal Requirements.

16. Assignment and Sublease.

(a) Tenant shall not, without the prior written consent of Landlord, assign this Lease or any interest herein or in the Premises, or mortgage, pledge, encumber, hypothecate or otherwise transfer or sublet the whole Premises or any part of the Premises or permit the use of the Premises by any party other than Tenant or a "Tenant Affiliate" (as hereinafter defined). Consent to one or more such transfers or subleases shall not destroy or waive this provision, and all subsequent transfers and subleases shall likewise be made only upon obtaining the prior written consent of Landlord. Without limiting the foregoing prohibition, in no event shall Tenant assign this Lease or any interest herein, whether directly, indirectly or by operating of law, or sublet the Premises or any part thereof or permit the use of the Premises or any part thereof by any party (i) if the proposed assignee or subtenant is a party who would (or whose use would) detract from the character of the Building as a first-class building, such as, without limitation, a dental, medical or

chiropractic office or a governmental office, (ii) if the proposed assignment or subletting shall be to a governmental subdivision or agency or any person or entity who enjoys diplomatic or sovereign immunity, (iii) if such proposed assignee or subtenant is an existing tenant of the Building, or (iv) if such proposed assignment, subletting or use would contravene any restrictive covenant (including without limitation any exclusive use) granted to any other tenant of the Building. Sublessees or transferees of the Premises for the balance of the Term shall become directly liable to Landlord for all obligations of Tenant hereunder, without relieving Tenant (or any guarantor of Tenant's obligations hereunder) of any liability therefor, and Tenant shall remain obligated for all liability to Landlord arising under this Lease during the entire remaining Term including any extensions thereof, whether or not authorized herein, unless such assignee assumes all liability hereunder and has a net worth equal to or exceeding the aggregate net worth of Tenant and all other parties then liable for the obligations of Tenant under this Lease. If Tenant is a partnership, a withdrawal or change, whether voluntary, involuntary or by operation of law, of partners owning a controlling interest in Tenant shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions; provided, however, if at least one of the partners owning a controlling interest in Tenant both before and after such withdrawal or change shall be a corporation (or any entity controlled by a corporation) whose stock is publicly traded on a nationally recognized securities exchange (including the NASDAQ over-the-counter market), then such withdrawal or change shall not be deemed to be an assignment of this Lease. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a controlling interest in the capital stock of Tenant, shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions. The preceding sentence shall not apply to, and Tenant shall not be in default under this Paragraph 16(a) as a result of, an offering of voting stock to the public pursuant to a registered securities offering, the transfer of voting stock on a national securities exchange or through the NASDAQ national market system, or the transfer of voting stock to Tenant's employees pursuant to a bona fide employee stock ownership plan. If Tenant

shall be a corporation whose stock is publicly traded on a nationally recognized securities exchange (including the NASDAQ over-the-counter market), then any merger, consolidation or other similar reorganization of Tenant, or the sale or transfer of a controlling interest in the voting capital stock of Tenant shall not be deemed to be an assignment of this Lease. In the event Landlord consents to an aggregate of three or more assignments or subleases (in any combination), beginning with the third such assignment or sublease, and continuing with respect to all subsequent assignments and subleases, Tenant shall pay to

Landlord a fee to cover Landlord's reasonable accounting costs plus any legal fees incurred by Landlord as a result of the assignment or sublease. Fifty percent (50%) of any consideration, in excess of "Tenant's Out of Pocket Costs" (as hereinafter defined), paid to Tenant by any assignee of this Lease (other than a Tenant Affiliate) for its assignment, or by any sublessee (other than a Tenant Affiliate) under or in connection with its sublease (when Landlord's consent is required), or otherwise paid to Tenant by another party for use and occupancy of the Premises or any portion thereof, shall be promptly remitted by Tenant to Landlord as additional rent hereunder. "Tenant's Out of Pocket Costs" shall mean all of Tenant's actual out-of-pocket costs associated with the applicable assignment or subletting, including the Rent and other charges and sums due and payable by Tenant under this Lease with respect to such space, reasonable advertising costs, brokerage commissions, lease concessions, improvement allowances, and legal fees. Where a portion of the Premises is sublet, in calculating the profit from such sublease, the costs of Tenant attributable to the sublet space but applicable to some larger portion of the Premises shall be prorated on the basis of rentable areas determined according to BOMA Standards. No assignment of this Lease consented to by Landlord shall be effective unless and until Landlord shall receive an original assignment and assumption agreement, in form and substance reasonably satisfactory to Landlord, signed by Tenant and Tenant's proposed assignee, whereby the assignee assumes due performance of this Lease to be done and performed for the balance of the then remaining Term. No subletting of the Premises, or any part thereof, shall be effective unless and until there shall have been delivered to Landlord an agreement, in form and substance reasonably satisfactory to Landlord, signed by Tenant and the proposed sublessee, whereby the sublessee acknowledges the right of Landlord to continue or terminate any sublease, in Landlord's sole discretion, upon termination of this Lease, and such sublessee agrees to recognize and attorn to Landlord in the event that Landlord elects under such circumstances to continue such sublease.

(b) Any assignment of this Lease or any sublease of the Premises shall not relieve Tenant of any of its obligations under this Lease.

(c) Whenever Landlord's consent to an assignment or subletting is required, Tenant shall submit to Landlord a written request for Landlord's consent, which request shall include the name of the proposed assignee or sublessee, and the basic business terms of the proposed assignment or subletting. Landlord may, as a prior condition to considering any request for consent to an assignment or sublease (when Landlord's consent is required), require Tenant to obtain and submit current financial

statements of any proposed subtenant or assignee. Landlord's failure to respond within ten (10) business days after receipt of Tenant's request and the information required by this Paragraph 16(c) shall be deemed approval of the proposed assignment or sublease.

(d) The consent of Landlord need not be obtained if the assignment or sublease is to any "Tenant Affiliate" (as hereinafter defined). Tenant shall give Landlord written notice of any assignment to a Tenant Affiliate, including the effective date of the assignment. Landlord acknowledges that the Premises may be occupied by one or more Tenant Affiliates and their employees and that

such use of the Premises shall not be considered an assignment or sublease, unless Tenant elects to treat it as such and provides Landlord with prompt written notice thereof. For purposes hereof, "Tenant Affiliate" shall mean an entity which owns, directly or indirectly, more than fifty percent (50%) of Lucent Technologies Inc. or which is more than fifty percent (50%) owned, directly or indirectly, by Lucent Technologies Inc. or an entity into which Tenant is merged, provided that in the event of a merger, the surviving entity's net worth exceeds that of Tenant at such time.

17. Damage or Destruction.

(a) If the Premises are damaged by fire, other casualty, acts of God, or the elements (a "Casualty"), this Lease shall not terminate and such damaged portion of the Premises shall be repaired or rebuilt as set forth in Paragraph 17(b), unless this Lease is terminated as provided in this Paragraph 17(a). If the Premises are (i) damaged to such an extent that repairs cannot, in Landlord's judgment, be completed within one hundred eighty (180) days after the date of the Casualty (if Landlord so determines that the repairs cannot be completed within such one hundred eighty (180) day period, Landlord shall give Tenant notice of such determination within forty-five (45) days after the date of such Casualty), or (ii) damaged or destroyed as a result of a risk which is not insured under standard fire insurance policies with extended coverage endorsement, or (iii) damaged or destroyed during the last eighteen (18) months of the Term, or if the Building is damaged in whole or in part (whether or not the Premises are damaged), to such an extent that the Building cannot, in Landlord's judgment, be operated economically as an integral unit, then and in any such event Landlord may at its option terminate this Lease by notice in writing to Tenant within forty-five (45) days after the date of such occurrence. If the Premises are damaged to such an extent that repairs cannot, in Landlord's judgment, be completed within one hundred eighty (180) days after the date of the Casualty or if the Premises are substantially damaged during the last

eighteen (18) months of the Term, then in either such event Tenant may elect to terminate this Lease by notice in writing to Landlord within forty-five (45) days after the date of such occurrence. If the Lease is terminated pursuant to this Paragraph 17(a), the termination shall be effective as of the date of the Casualty and the Rent shall abate from that date, and any Rent paid for any period beyond such date shall be refunded to Tenant.

(b) If this Lease is not terminated as provided in Paragraph l7(a), then Landlord shall, at its sole cost and expense, restore the Premises as speedily as practical; provided, however, Landlord's obligation shall be limited to restoration of the Premises substantially to the condition existing immediately prior to the Casualty. During the restoration period, Fixed Rent and Additional Rent shall not abate for any period the Premises are undergoing restoration or repair. If the cost of performing such repairs exceeds the actual proceeds of insurance paid or payable to Landlord on account of such Casualty, or if Landlord's mortgagee or the lessor under a ground or underlying lease shall require that any insurance proceeds from a casualty loss be paid to it, Landlord may terminate this Lease unless Tenant, within forty-five (45) days after demand therefor, deposits with Landlord a sum of money sufficient to pay the difference between the cost of repair and the proceeds of the insurance available to Landlord for such purpose.

(c) If Landlord, subject to Force Majeure and subject to delays caused by Tenant, does not restore the Premises as required in Paragraph 17(b) within the time period therein set forth, Tenant may terminate this Lease at any time thereafter [and Rent shall be accounted for as of the date of termination (as of the date of the Casualty with respect to the damaged portion)], prior to the date such restoration is substantially completed, provided (i) Tenant gives Landlord not less than thirty (30) days' prior written notice, and (ii) Landlord does not complete the restoration during such thirty (30) day period.

(d) If the Modular Office Furniture set forth on Exhibit M shall be

destroyed by fire, other casualty, acts of God, or the elements during the Term of this Lease, Tenant shall be required to replace such Modular Office Furniture with modular office furniture of equal value as soon as reasonably practicable using due diligence.

18. Eminent Domain.

(a) If there is a taking of all or any portion of the Property or the Premises by right or threat of eminent domain or by private purchase in lieu thereof (a "Taking"), this Lease

shall terminate as to the part so taken as of the date of Taking, and, in the case of a "Substantial Taking" (as hereinafter defined), either Landlord or Tenant shall have the right to terminate this Lease as to the balance of the Premises by written notice to the other within thirty (30) days after such date. "Substantial Taking" shall mean either (i) that more than fifteen percent (15%) of the Premises was taken, or (ii) that the portion of the Premises taken shall be of such extent and nature as substantially to handicap, impede or impair Tenant's use of the balance of the Premises and cannot be restored to a condition suitable for Tenant's business needs within one hundred twenty (120) days from the date of the Taking, or (iii) that more than fifteen percent (15%) of the parking spaces for the Building were taken, unless within thirty (30) days after the date of such Taking Landlord shall notify Tenant of its intention to replace the parking spaces, and such replacement is provided within one hundred fifty (150) days of such notice. If title to so much of the Building is taken that a reasonable amount of reconstruction thereof will not in Landlord's sole discretion result in the Building being a practical improvement and reasonably suitable for use for the purpose for which it is designed, then this Lease shall terminate on the date that the condemning authority actually takes possession of the part so condemned or purchased. If this Lease is terminated pursuant to this Paragraph 18(a), Rent shall be prorated and accounted for as of the date of such termination.

(b) If there shall be a Taking which does not constitute a Substantial Taking, this Lease shall not terminate but Landlord shall, at its sole cost and expense, with due diligence, restore the Premises as speedily as practical; provided, however, Landlord's obligation shall be limited to restoration of the Premises substantially to the condition existing immediately prior to the Taking. During the restoration period, a just and proportionate part of the Fixed Rent shall abate for the period during which the Premises or a portion thereof are not suitable for Tenant's business needs.

(c) Tenant shall not be entitled to any part of the payment or award for a Taking, provided that Tenant may file a claim for any loss of Tenant's Property; moving expenses; or for damages for cessation or interruption of Tenant's business, provided such claim will not diminish Landlord's recovery. Subject to the foregoing provisions of this subparagraph (c), Tenant hereby assigns to Landlord any and all of its right, title and interest in or to any compensation awarded or paid as a result of any such Taking.

(d) If Landlord, subject to Force Majeure and subject to delays caused by Tenant, does not restore the Premises as

required in Paragraph 18(b) within the time period therein set forth, Tenant may terminate this Lease at any time thereafter [and Rent shall be accounted for as of the date of termination (as of the date of the Taking with respect to the portion taken)], prior to the date such restoration is substantially completed, provided (i) Tenant gives Landlord not less than thirty (30) days' prior written notice, and (ii) Landlord does not complete the restoration during such thirty (30) day period.

19. Insurance.

(a) Landlord shall maintain, at Tenant's sole cost and expense [and Tenant shall reimburse Landlord such cost and expense within forty-five (45) days after written demand therefor], during the Term, with solvent and responsible companies having a rating from Best's Insurance Reports of not less than A-/X, insurance covering the Property against loss or damage by fire and such other risks as are from time to time included in a standard form of all-risk policy of insurance available in the State of North Carolina. Such coverage shall equal one hundred percent (100%) of the replacement cost of the Building and any parking facility, exclusive of excavation, footings and foundations, as such replacement cost is determined from time to time by the insurance company (and such insurance may provide for a $10,000.00 deductible, or such higher amount as Tenant shall from time to time approve, which approval shall not be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing obligation of Tenant to pay the cost of such insurance maintained by Landlord, in the event Tenant reasonably believes that the cost of the insurance Landlord maintains pursuant to this subparagraph (a) is above market or that Tenant can obtain comparable insurance at a lower cost, Tenant, at its option and its sole cost and expense, may obtain such comparable insurance subject to Landlord's reasonable approval of the insurance carrier and the terms and conditions of the coverage, including the deductible.

(b) Landlord shall maintain, at Tenant's expense, during the Term, with solvent and responsible companies having a rating from Best's Insurance Reports of not less than A-/X, a policy or policies of commercial general liability insurance insuring against the liability of Landlord arising out of the maintenance, use and occupancy of the Property, with the limits of such policy or policies to be in combined single limits for both damage to property and personal injury and in amounts not less than Five Million Dollars ($5,000,000.00) for each occurrence. Such insurance required herein shall be issued by an insurance company licensed to do business in the State of North Carolina. Landlord, Landlord's partners, Landlord's agents, Landlord's managing agent, any mortgagee of landlord, and any other party

designated by Landlord shall be named as insureds under such policy.

(c) Tenant shall maintain, at its expense, during the Term, with solvent and responsible companies, a policy or policies of commercial general liability insurance insuring against the liability of Tenant arising out of the maintenance, use and occupancy of the Property, or occasioned by or arising out of any construction work being done by Tenant or Tenant's contractors on the Premises, or in any way occasioned by or arising out of the activities of Tenant, its agents, contractors or employees in the Premises, or other portions of the Building or the Property, and of Tenant's guests and licensees while they are in the Premises, with the limits of such policy or policies to be in combined single limits for both damage to property and bodily injury and in amounts not less than Five Million Dollars ($5,000,000.00) for each occurrence. Such insurance required herein shall be issued by an insurance company licensed to do business in the State of North Carolina. The per occurrence limit stated above may be satisfied with any combination of primary and umbrella or excess liability policies totaling the required limit of insurance. Tenant shall name Landlord, Landlord's managing agent, and any mortgagee of which Landlord has advised Tenant, as additional insureds under such primary policy.

(d) Tenant shall maintain, at its expense, during the Term a policy or policies of all-risk insurance insuring the full replacement cost of its furniture, equipment, supplies, and other property owned, leased, held or possessed by it and contained in the Premises, and Tenant shall maintain such worker's compensation insurance as is required by applicable law.

(e) Tenant shall maintain, at its expense, during the Term, a policy or policies of business interruption insurance for a period of twelve (12) months

after completion of any repairs or restoration required as a result of a casualty, the period of business interruption insurance carried by Tenant not being limited with respect to the period of time between the occurrence of the casualty and completion of repairs or restoration.

(f) All insurance policies procured and maintained by Tenant pursuant to this Paragraph 19 shall name Landlord and any additional parties designated by Landlord as additional insureds, shall be carried with companies licensed to do business in the State of North Carolina having a rating from Best's Insurance Reports of not less than A-/X, and shall not be subject to cancellation or material change except after twenty (20) days' written notice to Landlord. Notwithstanding the foregoing, Tenant is authorized to use its wholly-owned captive insurance company, First Beacon Insurance Company, to maintain its property

insurance as outlined in Section 19(d) for as long as such company maintains a rating from Best's Insurance Reports of not less than B++. Tenant represents that First Beacon Insurance Company has a current rating from Best's Insurance Reports of B++. Duly executed certificates of insurance with respect to such policies have been delivered to Landlord prior to the date hereof and certificates evidencing renewals of such policies shall be delivered to Landlord prior to the expiration of each respective policy term.

(g) Landlord acknowledges that Tenant is or may be a self-insurer with respect to all or a substantial portion of the risks commonly insured against under liability insurance policies. Notwithstanding any provisions of the Lease to the contrary, so long as Tenant is Lucent Technologies Inc. or any Tenant Affiliate, Lucent Technologies Inc. may, at its option, elect to either (i) obtain and maintain liability insurance policies required of Tenant or (ii) assume the risk contemplated by and otherwise required under liability insurance policies pursuant to self-insurance programs of Lucent Technologies Inc.

(h) The policy or policies evidencing such insurance for Paragraphs 19(a), (b), (c),(d) and (e) shall provide that they may not be canceled or amended without twenty (20) days' prior written notice being given to the party for whose benefit such insurance has been obtained. Prior to the Rental Commencement Date, each party shall submit to the other insurance certificates demonstrating that the required policies are in effect.

20. Subrogation and Waiver.

To the full extent permitted by law, the parties waive all right of recovery against the other for, and release each other and their respective authorized representatives from, any claims for injury to any person or damage to the Property that are caused by or result from risks insured against under any fire, extended coverage, business interruption and loss of rents insurance or self insurance carried or required to be carried by the party seeking recovery. Each party shall obtain, for each policy of insurance, a waiver by the insurer of all right of subrogation against the other party for any loss or damage within the scope of the insurance and each party to the extent permitted by law, for itself and its insurer, waives all such insured claims against the other party. If such waiver or agreement shall not be, or shall cease to be, obtainable without additional charge, any additional premium for such waiver shall be paid by the primary insured.

21. Indemnity.

(a) Tenant shall defend, indemnify and save harmless Landlord, its affiliates, and their respective officers, directors, shareholders and partners, against all claims, liabilities, losses, fines, penalties, damages, costs and

expenses (including without limitation reasonable attorneys' fees and other costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any action or omission of Tenant, or any of its employees, contractors, servants, agents, subtenants or assignees, or of Tenant's invitees while such invitees are within the Premises or the Building, or any failure on the part of Tenant to perform its obligations under this Lease, except to the extent caused by the negligence or willful misconduct of Landlord, or its employees, contractors, agents or representatives.

(b) Landlord shall defend, indemnify and save harmless Tenant, Tenant Affiliates, and their respective officers, directors, shareholder and partners, against all claims, liabilities, losses, fines, penalties, damages, costs and expenses (including without limitation reasonable attorneys' fees and other costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any action or omission of Landlord, or any of its employees, contractors, servants or agents, or any failure on the part of Landlord, to perform its obligations under this Lease, except to the extent caused by the negligence or willful misconduct of Tenant, or its employees, contractors, agents or representatives.

22. Intentionally Omitted.

23. Subordination, Non-Disturbance and Attornment.

Landlord may subordinate Tenant's interest in this Lease to the lien of any mortgage or deed of trust which may now or hereafter be placed on the Property. Landlord shall obtain and deliver to Tenant from any present or future mortgagee, trustee, fee owner, prime lessor or any person having an interest in the Premises superior to this Lease (a "Superior Interest") a written subordination, non-disturbance and attornment agreement ("SNDA") in recordable form (and Tenant shall execute in recordable form and return to Landlord such SNDA within fifteen (15) days after receipt by Tenant of such SNDA), substantially in the form of Exhibit I attached hereto or in such other
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commercially reasonable form as shall be agreed to by Tenant (which agreement

Tenant agrees not to unreasonably withhold, condition or delay), providing that so long as Tenant performs all of the terms, covenants and conditions of this Lease and agrees to attorn to the mortgagee, beneficiary of the deed of trust, purchaser at a foreclosure sale, prime lessor or fee owner, Tenant's rights under this Lease shall not be disturbed and shall remain in full force and effect for the Term, except as set forth and agreed to by Tenant in such SNDA (which agreement Tenant agrees not to unreasonably withhold, condition or delay; provided, however, Tenant has agreed to the SNDA attached as Exhibit I), and
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Tenant shall not be joined by the holder of any mortgage or deed of trust in any action or proceeding to foreclose thereunder. Landlord represents and warrants that, as of the date hereof, the only Superior Interest to this Lease is set forth on Exhibit J.
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24. Landlord's Right of Entry.

(a) Landlord shall retain duplicate keys to all doors of the Premises and Landlord and its agents, employees and independent contractors shall have the right to enter the Premises at reasonable hours to inspect and examine same, to make repairs, additions, alterations, and improvements, and to inspect the Premises to ascertain that Tenant is complying with all of its covenants and obligations hereunder; provided, however, that Landlord shall afford Tenant such prior notification of an entry into the Premises as shall be reasonably practicable under the circumstances, and, except in case of emergency, Landlord

shall enter only during Tenant's normal business hours (unless Tenant otherwise consents to entry during other hours, which consent Tenant agrees not to unreasonably withhold or delay). Landlord shall be allowed to take into and through the Premises any and all materials that may be required to make such repairs, additions, alterations or improvements. During such time as such work is being carried on in or about the Premises, the Rent provided herein shall not abate, and Tenant waives any claim or cause of action against Landlord for damages by reason of interruption of Tenant's business or loss of profits therefrom because of the prosecution of any such work or any part thereof.

(b) During business hours and upon reasonable notice to Tenant, Landlord may, during the Term, show the Premises to prospective purchasers and mortgagees, and, during the six (6) months prior to expiration of this Lease, to prospective tenants.

(c) In exercising its rights under this Paragraph 24, Landlord shall use reasonable and diligent efforts to minimize the disruption of the normal operation of Tenant's business. Landlord, and any third parties entering the Premises at Landlord's invitation or request shall at all times strictly observe any reasonable rules relating to security on the Premises

which Tenant has provided to Landlord prior to such entry. Tenant shall have the right, in its sole discretion, to designate a representative to accompany Landlord, or any third parties, while they are on the Premises.

25. Parking Facilities.

Tenant, its employees, agents, customers and visitors shall have the right to use all parking facilities at the Building. All parking shall be provided at no cost to Tenant during the Term. Landlord shall not make any changes to the parking facilities at the Building that would result in parking spaces (regular and, to the extent required by Legal Requirements, handicapped) being less than four (4) spaces per each 1,000 rentable square feet in the Building.

26. Signs.

Tenant may retain its existing name and location on the bulletin board or directory in the Building, and Tenant may place its customary number of names in the Building directory. Tenant shall be permitted to retain its name on the exterior doors of the Building, the exterior of the Building, and the exterior monument sign, all in accordance with Legal Requirement. Tenant shall pay for the cost of designing, purchasing, installing, maintaining and replacing any signage under this Paragraph 26. Any signage erected by Tenant (other than the existing bulletin board or directory signage and the exterior Building and monument signs) shall be subject to the prior approval of Landlord as to size, materials and method of lighting and attachment, which approval shall not be unreasonably withheld. Tenant acknowledges that such signage must also comply with, and may be replaced only if permitted by, Legal Requirements.

27. Rules and Regulations.

Tenant agrees to comply with all reasonable written rules and regulations which Landlord may establish for the protection and welfare of Tenant and the Building, provided that all such rules and regulations shall not interfere with Tenant's use of the Premises. Tenant shall be given a copy of the rules at least ten (10) days before they become effective. A copy of the current rules and regulations are attached as Exhibit K. In the event of a conflict between the rules and regulations, and the provisions of this Lease, the provisions of this Lease shall prevail.

28. Access.

For such period of time as Tenant has the right under this Lease to occupy the Premises, subject to reasonable security procedures, Tenant shall have full and unimpaired access to the Building and the Premises at all times, and if access to a public road is via private roads or streets, Tenant shall have the right to use such roads and streets for ingress and egress to the Building and the Premises.

29. Use of the Roof and Building Structure.

Tenant and Tenant Affiliates shall have the right to use a portion of the roof of the Building and building structure for installation and use of one or more microwave dishes or other communications radio antenna and associated equipment ("Communication Equipment"). Tenant shall have no obligation to pay Rent for such right, but Tenant shall, at its sole cost and expense, maintain any Communication Equipment in good condition and repair, and comply with the terms and conditions set forth on Exhibit L for use of the roof and building
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structure.

30. Tenant's Default; Rights and Remedies.

(a) The occurrence of any one or more of the following matters constitutes an "Event of Default" by Tenant under this Lease:

(i) failure by Tenant to pay any installment of Rent or any other charge or assessment against Tenant pursuant to the terms hereof within five (5) days after receipt by Tenant of written notice of such failure to pay on the due date; provided, however, such notice and such grace period shall be required to be provided by Landlord and shall be accorded Tenant, if necessary, only two times during any consecutive twelve (12) month period of the Term, and an Event of Default shall be deemed to have immediately occurred upon the third failure by Tenant to make a timely payment as aforesaid within any consecutive twelve (12) month period of the Term;

(ii) failure by Tenant to observe or perform any other covenant, agreement, condition or provision of this Lease, if such failure continues for thirty (30) days after receipt of written notice from Landlord to Tenant, provided, however, if such default is of a nature that it can be cured and if Tenant in good faith commences to cure such default within such thirty (30) day cure period, but due to the nature of such default it could not be cured within such cure period after due diligence, no Event of Default shall be deemed to have occurred at the end of the cure period if Tenant is then diligently pursuing such cure to completion, and completes such cure as promptly as reasonably possible under all the circumstances;

(iii) Tenant or any guarantor of this Lease shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest the material allegations of a petition filed against it in any such proceeding;

(iv) a proceeding is commenced against Tenant or any guarantor of this Lease seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, and such proceeding shall not have been dismissed within

forty-five (45) days after the commencement thereof;

(v) a receiver or trustee shall be appointed for the Premises or for all or substantially all of the assets of Tenant or of any guarantor of this Lease;

(vi) Tenant shall do or permit to be done anything which creates a lien upon the Premises, the Property or Tenant's modular office furniture and such lien is not removed or discharged by bond or otherwise within thirty (30) days after written notice to Tenant of the filing thereof; or

(vii) Tenant shall assign this Lease or sublease the Premises, in whole or in part, in contravention of the terms of Paragraph 16(a)(i) through (iv) hereof.

(b) If an Event of Default by Tenant occurs,

(i) Landlord may terminate this Lease, by giving Tenant written notice of Landlord's election to do so, in which event the Term shall end, and all right, title and interest of Tenant hereunder shall expire, and Tenant shall surrender the Premises to Landlord, on the date stated in such notice, and if Tenant fails to do so, Landlord may without prejudice to any other remedy which it may have for possession or arrearages in Rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, by lawful force, if necessary, without being liable for prosecution or any claim of damages therefor; or

(ii) Landlord, without notice or demand, may terminate the right of Tenant to possession of the Premises without terminating the Lease and if Landlord so terminates Tenant's right of possession, Landlord may enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, by entry (including the use of lawful force, if necessary), dispossessory suit or otherwise, without thereby releasing Tenant from any liability hereunder, without terminating this Lease, and without being liable for prosecution or any claim of damages therefor and, if Landlord so elects, make such alterations, redecorations and repairs as, in Landlord's judgment, may be necessary to relet the Premises, and Landlord may relet the Premises or any portion thereof in Landlord's or Tenant's name, but for the account of Tenant, for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions, which may include without limitation concessions and free rent periods, as Landlord may reasonably deem advisable, with or without advertisement, and by private negotiations, and receive the rent therefor; or

(iii) enter upon the Premises without being liable for prosecution or any claim of damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any expenses including, without limitation, reasonable attorneys' fees which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

(c) If Landlord shall reenter the Premises and take possession from Tenant without terminating this Lease, provided that Tenant has vacated the Premises and is not contesting Landlord's right to the possession of the Premises, Landlord will use reasonable efforts to relet the Premises and thereby mitigate the damages which Landlord shall incur. Tenant hereby agrees that Landlord's agreement to use reasonable efforts to relet the Premises in order to mitigate its damages shall not be deemed to impose upon Landlord an obligation to relet the Premises (i) for any purpose other than use permitted under this Lease or (ii) to any tenant who is not financially capable of performing the duties and obligations imposed on such tenant under the applicable lease, or (iii) to prefer the Premises over any other space available in the Building.

(d) If an Event of Default by Tenant or any person claiming through or under Tenant of any of the terms of this Lease should occur, Landlord shall be entitled to seek to enjoin such default

and shall have the right to invoke any right allowed at law or in equity, by statute or otherwise, as if re-entry, summary proceedings or other specific remedies were not provided for in this Lease, except that Landlord shall not have any right to place a lien on any of Tenant's Property and Landlord expressly waives and releases any right to obtain such lien.

(e) Should Landlord terminate Tenant's rights to possession without terminating this Lease,

(i) Tenant shall pay to Landlord all Rent to the date upon which Tenant's right to possession under this Lease shall have been terminated; and

(ii) Tenant shall be liable for and shall pay to Landlord, as damages, any deficiency between (A) all Rent reserved hereunder, and (B) the net amount, if any, of rents ("Net Rent") collected by Landlord under any reletting effected pursuant to the provisions of this Paragraph 30 for any period after termination of Tenant's right to possession, after first deducting from the rents collected under any such reletting all of Landlord's expenses in connection with Landlord's reentry, such reletting, and the termination of Tenant's right to possession, including without limitation all repossession costs, brokerage commissions, lease assumptions, legal expenses, alteration costs and other expenses of preparing the Premises for such reletting (such expenses being referred to as the "Reletting Expenses"). Such deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for the payment of installments of Fixed Rent. Landlord shall be entitled to recover from Tenant each monthly deficiency as the same shall arise and no suit to collect the amount of the deficiency for any month shall prejudice Landlord's right to collect the deficiency for any prior or subsequent month by a similar proceeding or otherwise. A suit or suits for the recovery of such deficiencies may be brought by Landlord from time to time at its election. Tenant shall be liable for the Reletting Expenses. In no event shall Tenant be entitled to any Net Rent received by Landlord.

(f) Whether or not Landlord shall have collected any monthly deficiencies as provided in Paragraph 30(e), in the event Landlord at any time terminates this Lease as a result of the occurrence of an Event of Default by Tenant, Landlord shall be entitled to recover from Tenant, and Tenant shall pay Landlord, on demand, as liquidated damages for Tenant's failure to comply with the terms and provisions of this Lease (Landlord and Tenant agreeing that Landlord's actual damages in such event are impossible to ascertain and that the amount set forth below is a reasonable estimate thereof) and not as a penalty, a sum equal to

(v) the amount of Rent and other charges and assessments due and payable through the date of termination of this Lease, plus (w) the cost (including, without limitation, court costs and attorneys' fees) of recovering possession of the Premises, plus (x) the cost of any alteration or redecoration of or repair to the Premises which Landlord in good faith believes is necessary or proper to prepare the same for reletting, plus (y) the amount by which (A) the entire amount of Rent and other charges and assessments which in Landlord's reasonable determination would have become due and payable to Landlord for the period ending on the Expiration Date and beginning on the date of termination of this Lease, exceeds (B) an amount equal to the then fair and reasonable rental value of the Premises for the same period, both amounts discounted to present value at the "Discount Rate" published in The Wall Street Journal at the time of determination. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises or any part thereof shall have been relet by Landlord for a period which but for the termination of this Lease

would have constituted all or any part of the unexpired portion of the Term, the amount of rent upon such reletting (after giving due consideration to all concessions such as but not limited to free rent and improvement allowances) shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises (as the case may be) so relet during the term of such reletting, but shall not have any evidentiary effect with respect to the fair and reasonable rental value of any other portion of the Premises or with respect to the fair and reasonable rental value of the Premises or any portion thereof for the period which but for the termination of this Lease would have constituted the unexpired portion of the Term other than the term of such reletting. Upon the acceleration of such amounts, Tenant agrees to pay the same at once, together with all Rent and other charges and assessments theretofore due, at Landlord's address as provided herein.

(g) In no event shall Tenant be entitled (A) to receive any excess of any Net Rent over the sums payable by Tenant to Landlord hereunder or (B) in any suit for the collection of damages pursuant to this Paragraph 30 to a credit in respect of any Net Rent [except as provided in Paragraph 30(e)(ii)]. Should the Premises or any part thereof be relet in combination with other space, then proper apportionment on a square foot area basis (unless Landlord reasonably determines that another method of allocation of such expenses is proper) shall be made of the rent received from such reletting and the expenses of reletting.

(h) If Landlord spends any money to cure such Event of Default by Tenant, then Landlord shall also be entitled to interest on such expenditure at the Interest Rate.

(i) Nothing contained herein shall be construed as limiting or precluding the recovery by Landlord from Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant.

(j) Pursuit by Landlord of any of the foregoing remedies shall not preclude pursuit of any other remedy herein provided or any other remedy provided by law or at equity, nor shall pursuit by Landlord of any remedy herein provided constitute an election of remedies thereby excluding the later election of an alternate remedy, or a forfeiture or waiver of any Rent or other charges and assessments payable by Tenant and due to Landlord hereunder or of any damages accruing to Landlord by reason of violation of any of the terms, covenants, warranties and provisions herein contained. No reentry or taking possession of the Premises by Landlord or any other action taken by or on behalf of Landlord shall be construed to be an acceptance of a surrender of this Lease or the Premises or an election by Landlord to terminate this Lease unless written notice of such intention is given to Tenant. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default. In determining the amount of loss or damage which Landlord may suffer by reason of termination of this Lease or the deficiency arising by reason of any reletting of the Premises by Landlord as above provided, allowance shall be made for the expense of repossession. Tenant agrees to pay to Landlord all costs and expenses incurred by Landlord in the enforcement of this Lease, including, without limitation, the fees of Landlord's attorneys as provided in Paragraph 37 hereof.

31. Landlord's Default; Rights and Remedies.

(a) The occurrence of the following constitutes an "Event of Default" by Landlord under this Lease:

failure by Landlord to observe or perform any covenant, agreement, condition or provision of this Lease which materially affects the use or tenantability of the Premises, if such failure shall continue for thirty (30) days after receipt of written notice from Tenant to Landlord (and any mortgagee of Landlord the address for

which Landlord has provided in a written notice to Tenant) specifying such failure, provided, however, if such default is of a nature that it can be cured and if Landlord in good faith commences to cure such default within such thirty (30) day cure period, but due to the nature of such default it could not be cured within such cure period after due diligence, no Event of

Default shall be deemed to have occurred at the end of the cure period if Landlord is then diligently pursuing such cure to completion, and completes such cure as promptly as reasonably possible under all the circumstances.

(b) If an Event of Default by Landlord occurs, Tenant shall have the right, but not the obligation, to spend any monies to cure such Event of Default. If Tenant spends any money to cure such Event of Default by Landlord, then Tenant shall also be entitled to interest on such expenditure at the Interest Rate.

(c) If an Event of Default by Landlord occurs, Tenant shall have the right to invoice Landlord the cost and expenses incurred by Tenant in connection with curing such Event of Default, and Landlord shall reimburse Tenant within thirty (30) days following receipt of such invoice. If Landlord shall fail to reimburse Tenant for such cost and expenses within such thirty (30) day period, Tenant shall have the right to deduct such cost and expenses from Fixed Rental thereafter due hereunder, provided, however, that in the event Landlord notifies Tenant that it disputes the existence of any such Event of Default, during the pendency of such dispute, Tenant may pay the amount in dispute to an independent escrow agent of its choice to be held by the agent pending resolution of the dispute. Tenant shall not be deemed to be in default hereunder by reason of such payment until the dispute is resolved in favor of Landlord and Tenant fails to cause the agent to pay the amount determined to be payable to Landlord within ten (10) days after Tenant is notified of the determination. Tenant and Landlord shall negotiate in good faith to resolve the dispute by agreement.

32. Holding Over.

Should Tenant remain in possession of the Premises after the expiration of this Lease, unless Landlord and Tenant have entered into a written agreement to the contrary, Tenant shall become a tenant from month to month, terminable as of the last day of any calendar month by either party upon at least thirty (30) days' prior written notice to the other and there shall be no renewal of this Lease by operation of law; provided, however, that in the event of the giving of such notice of termination by Landlord, should Tenant remain in possession of the Premises after the date of termination of such month to month tenancy, Tenant shall become a tenant-at-sufferance as of the date of such termination, and there shall be no renewal of this Lease or of such month to month tenancy by this Paragraph or by operation of law. During the period of any such holding over, all provisions of this Lease shall be and remain in effect except that the daily rental shall be calculated based on a monthly rental equal to one hundred twenty-five percent (125%) of the amount of Rent (including any

adjustments as provided herein) payable for the last full calendar month of the Term including renewals or extensions for the first three (3) months of any such holding over and one hundred fifty percent (150%) thereafter. The inclusion of the preceding sentences in this Lease shall not be construed as Landlord's consent for Tenant to hold over. Notwithstanding the foregoing provisions of this Paragraph 32 to the contrary, in the event of any conflict between the terms and provisions of this Paragraph 32 and the terms and provisions of Paragraph 30, the terms and provisions of Paragraph 30 shall control for all purposes.

33. Quiet Enjoyment.

Landlord covenants that if and for so long as Tenant pays the Rent and performs the covenants and conditions hereof, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the Term, without hindrance, claim or molestation by Landlord or any other person lawfully claiming under Landlord.

34. Mutual Representation of Authority.

(a) Landlord and Tenant represent and warrant to each other that they have full right, power and authority to enter into this Lease without the consent or approval of any other entity or person and each party makes these representations knowing that the other party will rely thereon.

(b) The signatories on behalf of Landlord and Tenant further represent and warrant that each has full right, power and authority to act for and on behalf of Landlord and Tenant in entering into this Lease.

35. Landlord's Claims.

Any "Surrender Claims" (as hereinafter defined) by Landlord must be presented in writing by Landlord to Tenant within one hundred twenty (120) days after expiration or termination of this Lease or shall be deemed irrevocably waived. "Surrender Claims" shall mean claims to the extent the same arise solely out of the failure of Tenant to surrender the Premises in the condition required by Paragraph 51 or to maintain and repair the Premises as required by Paragraph 11. Surrender Claims do not include, inter alia, claims arising under or pursuant to Paragraph 10. The foregoing provisions of this Paragraph shall not apply in the event this Lease is terminated by Landlord as a result of an Event of Default by Tenant.

36. Real Estate Brokers.

(a) Tenant represents that Tenant has dealt directly with and only with CB Richard Ellis, Inc. (the "Listed Broker"), in connection with this Lease and, except for Landlord's breach of Paragraph 36(b), agrees to defend, indemnify and save harmless Landlord against all claims, liabilities, losses, damages, costs and expenses (including without limitation reasonable attorneys' fees and other costs of defense) arising from Tenant's breach of this representation or as a result of any claim for any fee, commission or similar compensation with respect to this Lease made by any broker, agent or finder (including Listed Broker) claiming to have dealt with Tenant.

(b) Except for Tenant's breach of Paragraph 36(a), Landlord hereby agrees to defend, indemnify and save harmless Tenant against all claims, liabilities, losses, damages, costs and expenses (including without limitation reasonable attorneys' fees and other costs of defense) arising from the claims or demands of any brokers or finders who represented Landlord, whether or not disclosed, with respect to this Lease, for any commission alleged to be due any such brokers or finders in connection with this Lease or the transactions contemplated hereby, including ADEVCO Realty Group, LLC and First Fidelity Investments Corporation ("Landlord's Brokers").

(c) Tenant shall cause Listing Broker to execute a lien waiver to and for the benefit of Landlord, waiving any and all lien rights with respect to the Building, the Property and the Land which such agent or broker has or might have under North Carolina law. Landlord shall cause Landlord's Brokers to execute a lien waiver to and for the benefit of Landlord and Tenant, waiving any and all lien rights with respect to the Building, the Property and the Land which such agent or broker has or might have under North Carolina law.

37. Attorneys' Fees.

In the event Landlord or Tenant defaults in the performance of any of the terms, agreements or conditions contained in this Lease and the non-defaulting party places the enforcement of this Lease, or any part thereof, or the collection of any Rent due or to become due hereunder, or recovery of the possession of the Premises, in the hands of an attorney, or files suit upon the same, and should such non-defaulting party prevail in such suit (and any and all appeal periods, as provided by law, with respect thereto have expired with no appeal having been filed; or if filed, rejected or terminated finally and conclusively in favor of the non-defaulting party), the defaulting party, to the extent permitted by applicable law, agrees to pay the non-defaulting

party all reasonable attorney's fees actually incurred by the non-defaulting party.

38. Estoppel Certificate.

(a) Tenant agrees, upon not less than fifteen (15) days' prior written request by Landlord, to deliver to Landlord a statement in writing signed by Tenant, addressed to Landlord, any mortgagee or assignee of Landlord's interest in, or purchaser of, the Premises or the Building or the Property or any part thereof, certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, identifying the modifications and certifying that the Lease is in full force and effect as modified); (ii) the date upon which Tenant began paying Fixed Rent and the dates to which the Fixed Rent has been paid; (iii) that, to the best of Tenant's knowledge, Landlord is not in default under any provision of this Lease, or, if in default, the nature thereof; (iv) that there has been no prepayment of Fixed Rent other than that provided for in this Lease; and (v) that there are no defenses or offsets against the enforcement of this Lease or stating those claimed by Tenant. Such certificate shall also include such other factual information as may reasonably be required by such mortgagee, proposed mortgagee, assignee, purchaser or Landlord. Any such certificate may be relied upon by Landlord, any mortgagee, proposed mortgagee, assignee, purchaser and any other party to whom such certificate is addressed. The estoppel certificate may contain the following: "Notwithstanding any other provision of this Estoppel Certificate to the contrary, nothing herein shall be construed as a waiver of (i) any right which Tenant may have to audit any payments made under the Lease, (ii) any right to claim that any such payments were not properly charged or calculated in accordance with the Lease, or (iii) any right to recover from the applicable present, former or future landlord (including Landlord) any such payments made to such landlord which were in excess of the amount properly due under the Lease."

(b) Landlord, upon not less than ten (10) days' prior written request from Tenant, shall furnish a statement in writing to Tenant certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified, and stating the modifications), (b) the dates to which Rent payable by Tenant hereunder have been paid, and (c) whether or not, to the knowledge of Landlord, a default or Event of Default by Tenant has occurred under this Lease which has not been cured (and if so, specifying the same).

39. Recordable Memorandum.

Landlord and Tenant agree not to record this Lease, but each party agrees, upon request by the other, to execute a memorandum of this Lease in recordable

form and in compliance with applicable law, with a description of the Premises, the term of this Lease and any other portions hereof, excepting the rental provisions, as either party may reasonably request. Any and all recording costs required in connection with the recording of such Memorandum of Lease shall be paid by the party requesting recordation.

40. Options to Extend.

(a) Landlord hereby grants to Tenant the exclusive and irrevocable option to extend the Term for three (3) additional periods (each such additional period being an "Extended Term") of five (5) year(s) each by giving Landlord written notice at least twelve (12) months prior to the Expiration Date of the Primary Term or the then applicable Extended Term. Tenant shall have the right to exercise these options to extend provided that on the date of such exercise no Event of Default by Tenant then exists under this Lease and there then exists no uncured default by Tenant with respect to which Landlord has given written notice to Tenant pursuant to the provisions of Paragraph 30 hereof.

(b) Each Extended Term shall be on the terms, covenants and conditions of this Lease then applicable, except that the Fixed Rent for each Extended Term shall be the "Fair Market Rent" (as hereinafter defined) and except that after the exercise of the option for the first Extended Term, Tenant shall have only two (2) options to extend and after the exercise of the option for the second Extended Term, Tenant shall have only one (1) option to extend, and after the exercise of the option for the third Extended Term, Tenant shall have no further options to extend the Term. "Fair Market Rent" shall mean (i) the annual effective rental rate per square foot of rentable floor area then being charged by landlords under new leases of office space in the metropolitan Cary, North Carolina, market for space similar to the Premises in a building of comparable quality and with comparable parking and other amenities, taking into account concessions offered to new tenants such as free rent, tenant improvement allowances, moving allowances and other such concessions, and taking into account Tenant's repair and maintenance obligations under this Lease and the Taxes and expenses Tenant is obligated to pay under this Lease; (ii) the amount of space and length of term taken by the tenant; and (iii) the credit worthiness and quality of the tenant. The fair market value of Tenant's modular office furniture shall

specifically be excluded from the definition of "Fair Market Rent" set forth above in this Paragraph 40.

(c) On or before the date thirteen (13) months prior to the Expiration Date of the Primary Term or the then applicable Extended Term, but in no event more than sixteen (16) months prior to the Expiration Date of the Primary Term or the then applicable Extended Term, Landlord will advise Tenant of Landlord's determination of Fair Market Rent for the applicable Extended Term. If Tenant exercises its option to extend, and Landlord and Tenant cannot agree on the Fair Market Rate for the Extended Term within thirty (30) days after Tenant exercises its option to extend, then within forty-five (45) days after Tenant exercises its option to extend, Landlord and Tenant shall each appoint one (1) "Qualified Real Estate Appraiser" (as hereinafter defined). Those two (2) Qualified Real Estate Appraisers shall promptly appoint a third (3rd) Qualified Real Estate Appraiser. If such Qualified Real Estate Appraisers fail to appoint such third (3rd) Qualified Real Estate Appraiser within ten (10) business days after notice of their appointment, then either Landlord or Tenant, upon written notice to the other, may request the appointment of a third (3rd) appraiser by the then President of the Board of Realtors in the Cary, North Carolina area or any then similar existing body. Each appraiser so appointed shall independently make appraisals of the Fair Market Rent for the applicable Extended Term. Except as hereinafter provided, the Fair Market Rent for the applicable Extended Term shall be the average of the three (3) appraisals of the Fair Market Rent; provided, however, if the determination of the Fair Market Rent of one (1) Qualified Real Estate Appraiser is disparate from the median of all three (3) determinations of Fair Market Rent by more than twice the amount by which the

other determination is disparate from the median, then the determination of such Qualified Real Estate Appraiser shall be excluded, the remaining two (2) determinations shall be averaged and such average shall be binding and conclusive on Landlord and Tenant. If, after notice by either Landlord or Tenant of the appointment of a Qualified Real Estate Appraiser by the party giving such notice, the other party to whom such notice is given shall fail, within a period of ten (10) business days after such notice, to appoint a Qualified Real Estate Appraiser, then the Qualified Real Estate Appraiser so appointed by the party giving notice shall have the power to proceed as sole Qualified Real Estate Appraiser to determine the Fair Market Rent for the applicable Extended Term. Landlord shall pay the fees and expenses of the person appointed by Landlord as a Qualified Real Estate Appraiser hereunder, and Tenant shall pay the fees and expenses of the person appointed by Tenant as a Qualified Real Estate Appraiser hereunder. Landlord and Tenant shall each pay one-half (1/2) of the fees and expenses

of the third (3rd) Qualified Real Estate Appraiser appointed pursuant to the provisions of this Paragraph.

(d) As used in this Paragraph, the term "Qualified Real Estate Appraiser" shall mean a member of the American Institute of Real Estate Appraisers (or successor organization) having at least ten (10) years experience in appraisal of office buildings and office rental rates in the metropolitan Cary, North Carolina area.

(e) Tenant may not assign the options to extend under this Paragraph 40 to any subtenant of the Premises or any assignee of this Lease other than an "Affiliate" nor may any such subtenant or assignee other than an Affiliate exercise the options to extend.

41. Intentionally Omitted.
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42. Confidentiality.

Except as hereinafter provided in this Paragraph 42, Landlord shall not make, nor shall it authorize any broker to make, any public announcement or press release concerning this transaction unless it has received Tenant's written consent, which will not be unreasonably withheld or delayed. Notwithstanding the foregoing, Tenant acknowledges and agrees that Landlord and any affiliate of Landlord shall have the right to disclose this transaction, this Lease and the identity of Tenant to the Securities and Exchange Commission and to current, future and potential investors (and their representatives) in such entities.

43. Governing Law.

This Lease shall be construed and interpreted in accordance with the laws of the state where the Premises are located, except for its conflict of law rules.

44. Notices.

Any notice by either party to the other shall be in writing and shall be deemed to be duly given only if delivered personally or by courier or sent by registered or certified mail return receipt requested postage prepaid, or recognized overnight delivery service (such as but not limited to Federal Express, United Parcel Service, Airborne or DHL), to the following:

If to Tenant: Lucent Technologies Inc.
475 South Street
Morristown, New Jersey 07962

Attn: Lease Administration

with a copy to:

(a) Lucent Technologies Inc.
475 South Street
Morristown, New Jersey 07962
Attn: Corporate Counsel - Real Estate

(b) Michael W. Charles, II
Real Estate Transactions Manager
Lucent Technologies Inc.
2400 SW 145th Avenue, Room IS-021
Miramar, Florida 33027

If to Landlord:

Wells Operating Partnership, L.P.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Attn: Leo F. Wells, III

with a copy to:

Troutman Sanders LLP
Suite 5200
600 Peachtree Street
Atlanta, Georgia 30308-2216
Attn: John W. Griffin or Managing Partner

or at such other address in the United States as Landlord or Tenant may from time to time designate by like notice.

Notice shall be deemed to have been given on the date received, if delivered personally or by courier or overnight delivery service, or, if mailed, three (3) business days after the date postmarked. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of such notice.

45. Intentionally Omitted.
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46. Counterparts.

This Lease may be signed in counterparts and each such counterpart shall be deemed to be an original, but all of which shall constitute one instrument. Any signature, witness's signature, or both, appearing on a counterpart of this Lease shall be deemed to appear on all other counterparts of this

Lease. The executed signature pages of any counterpart hereof may be appended or attached to any other counterpart hereof; and, provided that all parties hereto shall have executed a counterpart hereof, this Lease shall be valid and binding upon the parties notwithstanding the fact that the execution of all parties may not be reflected upon any one single counterpart. This Lease shall only be and become effective upon its unconditional delivery by and between the parties hereto.

47. Entire Agreement.

This Lease constitutes the entire agreement between the parties, there being no other terms, oral or written, except as herein expressed. No modification of this Lease shall be binding on the parties unless it is in writing and signed by both parties hereto.

48. Miscellaneous.

(a) Time is of the essence of this Lease.

(b) All personal property brought into the Premises by Tenant, or Tenant's employees or business visitors, shall be at the risk of Tenant only, and Landlord shall not be liable for theft thereof or any damage thereto occasioned by any act of co-tenants, occupants, invitees or other users of the Building or any other person, unless such theft or damage is the result of the act of Landlord or its employees and Landlord is not relieved therefrom by Paragraph 20 hereof. Unless caused by the negligence or willful misconduct of Landlord or its employees and Landlord is not relieved therefrom by Paragraph 20 hereof, Landlord shall not at any time be liable for damage to any property in or upon the Premises which results from power surges or other deviations from the constancy of the electrical service or from gas, smoke, water, rain, ice or snow which issues or leaks from or forms upon any part of the Building or from the pipes or plumbing work of the same, or from any other place whatsoever.

(c) All personal pronouns used in this Lease, whether used in the masculine, feminine or neuter gender, shall include all genders, the singular shall include the plural and vice versa. 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. No provision of this Lease shall be construed against or interpreted to the disadvantage of either Tenant or Landlord by any court, judicial or other governmental authority by reason of such party's having been deemed to have structured, written, drafted or dictated such provision.

(d) In the event of strike, lockout, labor trouble, civil commotion, act of God, or any other cause beyond a party's control (collectively "Force Majeure") resulting in Landlord's inability to supply the services or perform the other obligations required of Landlord hereunder, this Lease shall not terminate and Tenant's obligation to pay Rent and all other charges and sums due and payable by Tenant shall not be affected or excused and Landlord shall not be considered to be in default under this Lease. If, as a result of Force Majeure, Tenant is delayed in performing any of its obligations under this Lease, other than Tenant's obligations to pay Rent and all other charges and sums payable by Tenant hereunder, Tenant's performance shall be excused for a period equal to such delay and Tenant shall not during such period be considered to be in default under this Lease with respect to the obligation, performance of which has thus been delayed.

(e) Landlord shall have no personal liability with respect to any of the provisions of this Lease. If Landlord is in default with respect to its obligations under this Lease, Tenant shall look for satisfaction of Tenant's remedies, if any, solely to the equity of Landlord in and to the Property and to the proceeds of Landlord's insurance policy or policies actually paid to Landlord and not applied by Landlord to the applicable claim or to the restoration of the Building as required by the terms of this Lease (unless same are not so applied because such proceeds are required by the holder of a mortgage to be paid to it to reduce the debt secured by such mortgage). It is expressly understood and agreed that Landlord's liability under the terms of this Lease shall in no event exceed the amount of its interest in and to the Property and the aforedescribed proceeds of insurance. In no event shall any partner of Landlord nor any joint venturer in Landlord, nor any officer, director or shareholder of Landlord or any such partner or joint venturer of Landlord be personally liable with respect to any of the provisions of this Lease.

(f) If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, the remainder of this Lease shall not be affected thereby, and in lieu of each clause or provision of this Lease which is illegal, invalid or unenforceable, there shall be added as a part of this Lease a clause or provision as nearly identical to the said clause or provision as may be legal, valid and enforceable.

(g) No failure of Landlord to exercise any power given Landlord hereunder, or to insist upon strict compliance by Tenant with any obligation of Tenant hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof. No failure of Tenant to exercise any power given Tenant hereunder, or to insist upon strict compliance by Landlord

with any obligation of Landlord hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Tenant's right to demand exact compliance with the terms hereof.

49. Intentionally Omitted.
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50. Intentionally Omitted.
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51. Surrender.

(a) Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises and every part thereof and all alterations, additions and improvements thereto, broom clean and in good condition and state of repair, reasonable wear and tear only excepted. Tenant shall remove all of Tenant's Property from the Premises (with the exception of Tenant's modular office furniture more particularly described on Exhibit M attached hereto and incorporated herein by reference, which may only be removed from the Premises by Tenant in accordance with the provisions of subparagraph (b) below), and Tenant shall restore the Premises to the condition immediately preceding the time of placement thereof. If Tenant shall fail or refuse to remove all of Tenant's Property from the Premises upon the expiration or termination of this Lease for any cause whatsoever or upon Tenant being dispossessed by process of law or otherwise, Tenant's Property shall be deemed conclusively to be abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without obligation to account for Tenant's Property. Tenant shall pay Landlord on demand any and all expenses incurred by Landlord in the removal of Tenant's Property, including, without limitation, the cost of repairing any damage to the Building or Property caused by the removal of Tenant's Property and storage charges (if Landlord elects to store Tenant's Property). The covenants and conditions of this Paragraph 51 shall survive any expiration or termination of this Lease.

(b) Notwithstanding Tenant's general right to remove its Personal Property from the Premises upon the expiration or other termination of this Lease, Tenant shall only be permitted to remove (and, notwithstanding anything in this Lease to the contrary, Landlord may not require Tenant to remove) the modular office furniture contained on the Premises in the event that Tenant exercises all extension options granted under this Lease and that, as of the expiration of the third Extended Term, there is no uncured Event of Default under this Lease. In the event Tenant does not extend the Term of this Lease as provided in the preceding sentence or in the event of an uncured Event of Default, title to the modular office furniture shall

automatically pass to Landlord free and clear of any lien or security interest; provided, however, Landlord agrees that in the event of an Event of Default,

Landlord shall not remove the modular office furniture from the Premises or deny Tenant its right to use the modular office furniture unless and until one of the following has occurred: (i) Tenant's right to possession of the Premises has been terminated pursuant to entry of an order of ejectment entered in Wake County, North Carolina after an Event of Default, or (ii) Tenant has vacated the Premises following an Event of Default, or (iii) Tenant has otherwise been adjudicated to be in default under this Lease by a court of competent jurisdiction. In the event that Tenant has exercised the required renewals of the Term of this Lease provided above and is not in default under this Lease beyond any applicable grace or cure period, Tenant shall be permitted to remove all of the modular office furniture contained on the Premises at the end of the final Extended Term of this Lease. In the event that Tenant fails to satisfy the above conditions of this subparagraph (b) or one of the events described in clauses (i), (ii), or (iii) above has occurred, title to all modular office furniture shall automatically pass to Landlord, free and clear of any lien or security interest (and Landlord shall receive the modular office furniture in the same condition existing as of the date hereof, subject to ordinary wear and tear, Tenant having no obligation to replace any of such modular office furniture that loses its utility as a result of ordinary wear and tear). If Landlord is entitled to ownership of the modular office furniture, Tenant, at Landlord's request, shall further execute and deliver to Landlord a bill of sale for the modular office furniture and to the extent that there exist any liens or security interests against the title to the modular office furniture, Tenant shall cause such liens or security interests to be immediately released. At no time during the Term of this Lease shall Tenant grant a lien or security interest in favor of a third party against the modular office furniture; any such grant shall constitute an Event of Default under Paragraph 30 if such lien is not removed by Tenant within the time period specified thereunder.

(c) Nothing contained herein shall prohibit Tenant from the benefits of ownership of the modular office furniture contained on the Premises during the Term of this Lease, including without limitation, the right to depreciate its investment in such modular office furniture.

52. Declaration of Easements

(a) Landlord hereby reserves, in favor of itself and its successors and/or assigns, the right to record a Declaration of Easements (the "Declaration") in the real estate records of Wake County, North Carolina encumbering the Property and the adjacent

land owned by Landlord described on the attached Exhibit C (the "Adjacent Land"). The Declaration may be recorded at any time during the Term of the Lease for the purpose of establishing the rights and easements which burden the Property and benefit the Adjacent Land described in subparagraph (b) below. Attached hereto as Exhibit C-1 is a plat of survey entitled "Subdivision Map: LUCENT TECHNOLOGIES, Town of Cary, Wake County North Carolina RECOMBINATION, WATER EASEMENT & ACCESS EASEMENT PLAT" (the "Plat"), which shows the respective locations of the Property and Adjacent Land.

(b) Landlord hereby leases the Property subject to the following rights and easements benefiting the Adjacent Land and burdening the Property:

(i) A non-exclusive, perpetual easement over, upon, under and across that portion of the Property shown as "New 40' Private Access Easement" on the Plat for the construction, installation, maintenance and repair of the existing driveway located on the Property (including the right to construct and install an extension of the existing driveway located on the Property within such easement area) for the purpose of vehicular and pedestrian access, ingress and egress to and from Ederlee Drive and the Adjacent Land.

(ii) A non-exclusive, perpetual easement over, under, upon, through

and across the Property to install, use, connect, maintain, repair and replace any necessary utility conduits, lines and facilities necessary for the development and operation of the Adjacent Land, including the right to tie into any existing utility facilities located on the Property. The location of any such utility conduits, lines and facilities shall be subject to the prior, reasonable approval of Tenant.

(iii) In its exercise of its rights reserved under this Paragraph 52, Landlord agrees that it shall not materially interrupt any of Tenant's activities on the Property, all work shall be done at the cost and expense of Landlord, no parking spaces on the Property shall be permanently taken and no temporary taking of parking spaces may exceed ninety (90) days, and Landlord shall defend, indemnify and hold harmless Tenant, its subtenants, officers, employees, representatives, agents, invitees and contractors against any damage or personal injury caused by Landlord, its officers, employees, agents, representatives, invitees or contractors in the exercise of any rights reserved by Landlord under this Paragraph 52.

(c) Tenant's interest in this Lease is and shall be subordinate to the rights and easements reserved herein and, upon recordation thereof, to the Declaration. Tenant shall execute

any documentation requested by Landlord to further evidence such subordination; provided, however, that Tenant shall be entitled to review the terms of the Declaration, prior to recording, to confirm that none of the easements established under the Declaration materially differ from the rights and easements created and reserved hereby.

(Signatures appear on the following page)

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

WITNESS:

/s/ Michael Berndt

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

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

By: /s/ Douglas P. Williams

Name: Douglas P. Williams
Title: Executive Vice President

Attest: _____
Name: _____
Title: _____

WITNESS:

/s/ Christine Sanci-Gentile

Christine Sanci-Gentile

LUCENT TECHNOLOGIES INC.
Tenant

By: /s/ Timothy Webb

Name: Timothy Webb
Title: Director, Asset Management

Attest: /s/ Brent E. Jenkins

Name: Brent E. Jenkins

Title: Senior Manager,
Global Real Estate Transactions

EXHIBIT 10.107

SECOND AMENDMENT TO LEASE AGREEMENT

FOR MATSUSHITA BUILDING

SECOND AMENDMENT TO OFFICE LEASE

THIS SECOND AMENDMENT TO OFFICE LEASE (the "Second Amendment"), made and entered into as of the 30/th/ day of April, 2001, by and between WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (hereinafter referred to as "Landlord") and MATSUSHITA AVIONICS SYSTEMS CORPORATION, a Delaware corporation (hereinafter referred to as "Tenant").

WITNESSETH

WHEREAS, Landlord and Tenant entered into that certain Office Lease dated as of February 18, 1999, as amended by that certain First Amendment to Office Lease dated as of July 30, 1999 (collectively, the "Lease"), relating to premises consisting of all of the rentable square feet in a building constructed by Landlord on real property located in the City of Lake Forest, Orange County, California; and

WHEREAS, Landlord and Tenant desire to modify and amend the Lease in certain respects as herein expressly provided.

NOW, THEREFORE, for and in consideration of the premises, the sum of Ten Dollars ($10.00) in hand paid by each of Landlord and Tenant to the other, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant do hereby covenant and agree as follows:

1. Defined Terms. All terms and words of art used herein, as indicated by the initial capitalization thereof, shall have the respective meanings designated for such terms and words of art in the Lease.

2. Confirmation of Lease Commencement Date. Landlord and Tenant confirm that the Lease Commencement Date occurred on January 4, 2000.

3. Modification of Lease Expiration Date and Lease Year Definition. Landlord and Tenant do hereby agree that (i) the Lease Expiration Date under the Lease shall be January 31, 2007 (instead of January 4, 2007 as currently provided in the Lease), subject to extension as provided in Section 2.2 of the Lease, (ii) the first Lease Year under the Lease shall be the period from January 4, 2000 through January 31, 2001, and (iii) each succeeding Lease Year under the Lease after the first Lease Year shall be the twelve (12) month period from February 1 through the following January 31.

4. Confirmation of Rentable Square Feet of Premises. Landlord and Tenant confirm that the rentable square feet of the Premises based upon the as-built condition thereof is 144,906.0 square feet.

5. Adjustment in Base Rent. Landlord and Tenant stipulate and agree that the Total Project Cost is $18,431,205.59. Accordingly, effective as of the Lease Commencement Date, the schedule of Base Rent set forth in Section 3 of the Summary is hereby deleted and the following is substituted in lieu thereof:

Lease Year (Period)	Monthly Installments of Base Rent	Annual Base Rental Rate Per Rentable Square Feet
1/4/00-1/31/00	$142,133.39	$13.032
2/1/00-1/31/01	$157,361.97	$13.032
2/1/01-1/31/02	$157,361.97	$13.032
2/1/02-1/31/03	$167,121.97	$13.840
2/1/03-1/31/04	$167,121.97	$13.840
2/1/04-1/31/05	$176,881.97	$14.648
2/1/05-1/31/06	$176,881.97	$14.648
2/1/06-1/31/07	$186,641.97	$15.456

6. Reconciliation of Base Rent Payments. Landlord and Tenant acknowledge that, based upon the schedule set forth in Paragraph 5 above, the total Base Rent payable by Tenant to Landlord for the period from January 4, 2000 through April 30, 2001 is $2,502,562.94. The total amount of Base Rent heretofore actually paid by Tenant for such period from January 4, 2000 through April 30, 2001 is $2,462,873.26. Accordingly, Tenant is currently indebted to Landlord in the amount of $39,689.68 for Base Rent for such period from January 4, 2000 through April 30, 2001, and Tenant agrees to pay such shortfall amount to Landlord not later than May 4, 2001.

7. Ratification. Except as expressly modified and amended herein, the Lease shall remain in full force and effect and, as modified and amended herein, as expressly ratified and confirmed by the parties hereto.

8. Binding Effect. This Second Amendment shall be binding upon and shall inure to the benefit of Landlord and Tenant and their respective legal representatives, successors and assigns. This Second Amendment shall be governed by and construed under the laws of the State of California.

IN WITNESS WHEREOF, each of the parties hereto has caused this Second Amendment to be duly executed as of the day, month and year first above written.

LANDLORD:

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

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

By: /s/ Leo F. Wells III
Name: LEO F. WELLS III
Title: PRESIDENT

TENANT:

MATSUSHITA AVIONICS SYSTEMS CORPORATION, a Delaware corporation

By: /s/ B. Bhatia
Name: B. Bhatia
Title: Executive Vice President

(Signatures continued on next page)

CONSENT

The undersigned Matsushita Electric Corporation of America, a Delaware corporation, as "Guarantor" under that certain Guaranty of Lease dated as of February 18, 1999 (the "Guaranty"), does hereby consent to the execution and delivery of the within and foregoing Second Amendment and does hereby confirm to and agree with Landlord (i) that such Second Amendment shall not affect or reduce the continuing liability of the undersigned under the Guaranty, and (ii) that such Guaranty is and shall remain in full force and effect.

As of this 30/th/ day of April, 2001.

MATSUSHITA ELECTRIC CORPORATION OF AMERICA, a Delaware corporation

By: /s/ Fujio Tsuji

Name: Fujio Tsuji

Title: VP & CFO

EXHIBIT 23.2

CONSENT OF ARTHUR ANDERSEN LLP

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
October 22, 2001

EXHIBIT 24.1

POWER OF ATTORNEY

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Leo F. Wells, III and Douglas P. Williams, or either of them acting singly, as his true and lawful attorney-in-fact, for him and in his name, place and stead, to execute and sign any and all amendments, including any post-effective amendments, to the Registration Statement on Form S-11 of Wells Real Estate Investment Trust, Inc. or any additional Registration Statement filed pursuant to Rule 462 and to cause the same to be filed with the Securities and Exchange Commission hereby granting to said attorneys-in-fact and each of them full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact or either of them may do or cause to be done by virtue of these presents.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Power of Attorney has been signed below, effective as of August 18, 2000, by the following persons and in the capacities indicated below.

Signature	Title
/s/ Leo F. Wells, III Leo F. Wells, III	President and Director (Principal Executive Officer)
/s/ Douglas P. Williams Douglas P. Williams	Executive Vice President and Director (Principal Financial and Accounting Officer)
/s/ John L. Bell John L. Bell	Director
/s/ Richard W. Carpenter Richard W. Carpenter	Director
/s/ Bud Carter Bud Carter	Director
/s/ William H. Keogler, Jr. William H. Keogler, Jr.	Director
/s/ Donald S. Moss Donald S. Moss	Director

/s/ Walter W. Sessoms Director

Walter W. Sessoms

/s/ Neil H. Strickland Director

Neil H. Strickland