As filed with the Securities and Exchange Commission on March 15, 2000

Registration No. 333-83933

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

_____

POST-EFFECTIVE AMENDMENT NO. 1 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)

Douglas P. Williams, Executive Vice President
6200 The Corners Parkway
Norcross, Georgia 30092
770-449-7800
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:
Donald Kennicott, Esq.
Michael K. Rafter, Esq.
Holland & Knight LLP
1201 West Peachtree Street, N.W., Suite 2000
Atlanta, Georgia 30309-3400
(404) 817-8500

_____

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 22, 1999 and Supplement No. 2 dated March 15, 2000 (which supercedes Supplement No. 1 dated January 5, 2000) (Supplement No. 2 is contained inside the back cover page of the prospectus). Supplement No. 2 includes descriptions of acquisitions of certain real properties and revisions to the prospectus relating to the share redemption program.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

Up to 20,000,000 shares offered to the public

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Wells Real Estate Investment Trust, Inc. (Wells REIT) is a real estate investment trust. We invest in commercial real estate properties such as office buildings. We currently own interests in 16 office buildings located in 11 states.

We are offering and selling to the public up to 20,000,000 shares for $10 per share and up to 2,200,000 shares to be issued pursuant to our dividend reinvestment plan at a purchase price of $10 per share. An additional 800,000 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. Your money will be placed initially in an escrow account with Bank of America, N.A.

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, 2001.

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, 1999

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Questions and Answers About This Offering

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;
- 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 is structured as a Maryland corporation formed in 1997 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 all of our investment decisions. In addition, 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 October 1, 1999, Wells Capital has sponsored public real estate programs which have raised in excess of $400,784,000 from approximately 30,000 investors and own and operate a total of 43 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, our corporate tenants have net worths in excess of $100,000,000. Current tenants of public real estate programs

sponsored by Wells Capital include Fairchild Technologies, Cort Furniture Rental, IBM, Lucent Technologies and PriceWaterhouseCoopers.

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

Tenant	Building Type	Location
Gartner Group, Inc.	Office Building	Ft. Myers, Florida
Johnson Matthey, Inc.	Research and Development,	Tredyffrin Township, Pennsylvania

	Office and Warehouse Building	
Sprint Communications Company L.P.	Office Building	Leawood, Kansas
EYBL CarTex, Inc.	Manufacturing and Office Building	Fountain Inn, South Carolina
Cort Furniture Rental Corporation	Office and Warehouse Building	Fountain Valley, California
Fairchild Technologies U.S.A., Inc.	Manufacturing and Office Building	Fremont, California
Iomega Corporation	Office Building	Ogden City, Utah
ODS Technologies, L.P.	Office Building	Broomfield, Colorado
Ohmeda, Inc.	Office Building	Louisville, Colorado
ABB Flakt, Inc.	Office Building	Knoxville, Tennessee
Lucent Technologies, Inc.	Office Building	Oklahoma City, Oklahoma

We own the following properties directly:

Tenant	Building Type	Location
Videojet Systems International, Inc.	Office, Assembly and Manufacturing Building	Wood Dale, Illinois
ABB Power Generation, Inc.	Office Building	Richmond, Virginia
Matsushita Avionics Systems Corporation	Office Building	Lake Forest, California
Pennsylvania Cellular Telephone Corp.	Office Building	Harrisburg, Pennsylvania
PriceWaterhouseCoopers	Office Building	Tampa, Florida

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

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, not the Wells REIT, is responsible for repairs, maintenance, property taxes, utilities and insurance. 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: 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.

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	$.15 per share	6.0%
4/th/ Qtr. 1998	$.16 per share	6.5%
1/st/ Qtr. 1999	$.17 per share	7.0%
2/nd/ Qtr. 1999	$.17 per share	7.0%
3/rd/ Qtr. 1999	$.17 per share	7.0%

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 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?

A: Yes. 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 approximately 16% of the 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 will 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 commenced our initial public offering of common stock in an offering very similar to this one on January 30, 1998. Our initial public offering was terminated on December 20, 1999. As of December 15, 1999, we had received approximately $131,500,000 in gross offering proceeds from our initial public offering, of which at least $110,460,000 was or is expected to be invested in properties.

Q: What kind of offering is this?

A: We are offering the public up to 20,000,000 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, 2001.

Q: Who can buy shares?

A: Anyone who receives this prospectus can buy shares provided that they 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 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 escrow account with Bank of America, N.A., which will hold your funds, 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."

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 sell our properties and other assets and return the 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. Our directors are listed below.

- 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;
- 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: 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: 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: How does our 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. We are 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 would generally be fully taxable to the property owner. In an UPREIT structure, the 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 would not otherwise be able to sell such properties because of unfavorable tax results.

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 mailed to you by January 31 of each year.

Q: Are you prepared for the year 2000 problem?

A: Yes, we have concluded our assessment of year 2000 compliance issues on our information systems and business operations. We have made renovations and replacements to our equipment and software packages as warranted. We have also confirmed the year 2000 readiness of our third-party service providers. Although we do not anticipate any material risk relating to the year 2000 problem, we have developed contingency plans to address potential risks. See the "Management's Discussion and Analysis of Financial Condition and Results of Operations--

Year 2000 Compliance" section of this prospectus for a detailed description of our year 2000 readiness.

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

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Prospectus Summary

This 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 16 commercial real estate properties located in 11 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

The 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 eight members on our board of directors. Seven of the directors are independent of Wells Capital and have responsibility for reviewing its performance. The 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, as calculated on an annual basis. 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.

. The number of additional properties that we acquire from the proceeds of this offering will be reduced to the extent that we sell less than all of the 20,000,000 shares offered to the public.

. 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 generally be secured by our properties, which will put us at risk of losing a property 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 plan specifications and timetables.

. The vote of shareholders owning at least a majority of the shares will bind all of the shareholders as to 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 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. Wells Capital is currently evaluating additional potential property acquisitions. When we believe that there is a reasonable probability that we will purchase 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 described in a supplement because one or more contingencies to the purchase may prevent the acquisition.

Estimated Use of Proceeds of Offering

We anticipate that we will invest approximately 84% of the proceeds of this offering in real estate properties. We will use the remainder of 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

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

. the advisor will have to allocate its time between the Wells REIT and

other real estate programs and activities it is involved in;

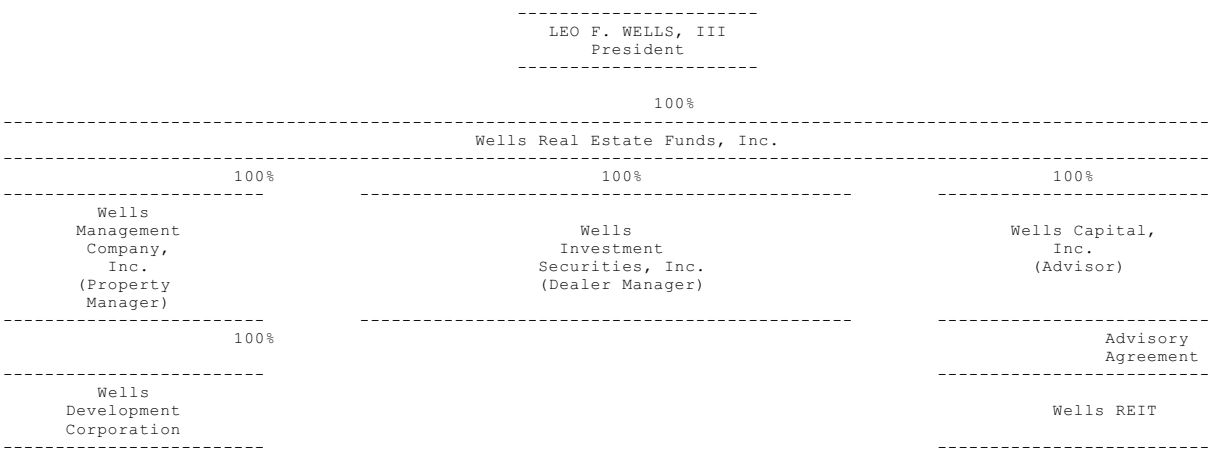
- the advisor must determine which Wells program or other entity should enter into a joint venture with the Wells REIT for the acquisition and operation of specific properties;

- the advisor may compete with other Wells programs for the same tenants in negotiating leases or in selling similar properties at the same time; and

- we will pay fees to the advisor and its affiliates 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 48 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 the advisor.



Prior Offering Summary

The advisor 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 October 1, 1999, they have raised approximately $400,784,000 from approximately 30,000 investors in these 14 real estate programs. The "Prior Performance Summary" on page 100 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 20,000,000 shares to the public at $10 per share. We

are also offering up to 2,200,000 shares pursuant to our dividend reinvestment plan at $10 per share, and up to 800,000 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 the offering will terminate on or before December 19, 2001. However, we may terminate this offering at any time prior to such termination date. We will hold your proceeds in escrow 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 the Advisor and its Affiliates

The advisor 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	$$ Amount for Maximum Offering (22,200,000 shares)
Offering Stage		
Sales Commission	7% of gross offering proceeds	$15,540,000
Dealer Manager Fee	2.5% of gross offering proceeds	$ 5,550,000
Offering Expenses	3% of gross offering proceeds	$ 6,660,000
Acquisition and Development Stage		
Acquisition and Advisory Fees	3% of gross offering proceeds	$ 6,660,000
Acquisition Expenses	.5% of gross offering proceeds	$ 1,110,000
Operational Stage		
Property Management Fees	2.5% of gross revenues	N/A
Leasing Fees	2% 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% of sale price after investors receive a return of capital plus a 6% return on capital	N/A
Subordinated Participation in Net Sale Proceeds (Payable only if the Wells REIT is not listed on an exchange)	10% of remaining amounts of net sale proceeds after return of capital plus payment to investors of an 8% cumulative non-compounded return on the capital contributed by investors	N/A
Subordinated Incentive Listing	10% of the amount by which the	N/A

Fee (Payable only if the Wells REIT is listed on an exchange)	adjusted market value of the Wells REIT exceeds the aggregate capital contributions contributed by investors

There are many additional conditions and restrictions on the amount of compensation Wells Capital 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 44.

Dividend Policy

We are required to distribute 95% of our annual taxable income to our shareholders in order to remain qualified as a REIT. 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 liquidate 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 the Wells REIT. If you participate, you will be taxed on your share of our taxable income even though you will not receive any cash dividends. As a result, you may have a tax liability with no 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 to you to redeem your shares, subject to certain restrictions and limitations, for $10 per share. 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., our operating partnership. We are the sole general partner of the operating partnership. Wells Capital is currently the only limited partner based on its initial contribution of $200,000. Our ownership of properties in the operating partnership is referred to as an "UPREIT." The UPREIT structure allows us to acquire real estate properties in exchange for limited partnership units in the operating partnership. This structure will also allow sellers of properties to transfer their properties to the UPREIT in exchange for units of the UPREIT 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 operating partnership units. The holders of units in the operating partnership 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 will hold an annual meeting of shareholders for the election of directors. Other business matters may be presented at the annual meeting or at a special meeting of shareholders. You are entitled to one vote for each share you own.

Limitation 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 limitations on the ownership of shares, please see the "Description of Shares" section of this prospectus on page 131.

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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 units.

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, the shares should be purchased as a long-term investment only. See "Description of Shares - Share Redemption Program" for a description of our share redemption program.

Management Risks

You must rely on the advisor for selection of properties.

Our ability to achieve our investment objectives and to pay dividends is dependent upon the performance of Wells Capital in the acquisition of investments, 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 and Michael C. Berndt, each of whom would be difficult to replace. If any of our key employees were to cease employment, 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

The advisor will face conflicts of interest relating to time management.

The advisor 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 the advisor 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.")

The advisor 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 the advisor 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.")

The advisor will face conflicts of interest relating to joint ventures with affiliates.

We are likely to enter into one or more joint ventures with other Wells programs for the acquisition, development or improvement of properties, including Wells Fund XI or Wells Fund XII. 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, 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 the advisor are currently sponsoring a public offering on behalf of Wells Fund XII, an unspecified property real estate program. (See "Prior Performance Summary.") In the event that we enter into a joint venture with Wells Fund XII or any other Wells program or joint venture, we may face certain additional risks and potential conflicts of interest. For example, Wells Fund XII 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 co-ventured 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 the advisor, certain conflicts of interest will exist. (See "Conflicts of Interest -- Joint Ventures with Affiliates of the Advisor.")

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 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.

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 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, one-half of one percent (0.5%) 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.

The 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 independent directors or the warrants issued and to be issued to participating broker-dealers, or (5) issue shares to sellers of properties acquired by us in connection with an exchange of limited partnership units from the operating partnership, existing shareholders and investors purchasing shares in this offering may experience dilution of their equity investment in the Wells REIT.

Payment of fees to the advisor and its affiliates will reduce cash available for investment and distribution.

The advisor 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, the 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.

Your investment may suffer adverse consequences if we are not prepared for the year 2000 issue.

Many existing computer programs were designed to use only two numeric digits to identify a year without considering the impact of the year 2000. If not corrected, many computer applications could fail or create erroneous data. We are currently addressing the year 2000 issue with respect to our operations. Our failure or the failure of our tenants to properly or timely resolve the year 2000 issue could have a material adverse effect on our business and the return on your investment. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000 Issues.")

Real Estate Risks

General Real 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 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. Many 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 reletting our property. If a lease is terminated, there is no assurance that we will be able to lease the property for the rent previously received or sell the property without incurring a loss.

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.

The advisor will attempt to ensure that all of our properties are 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 the advisor. 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 that particular property.

Uncertain market conditions and the broad discretion of the advisor 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 the advisor 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, the advisor, 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 mortgages on 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.

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. The Taxpayer Relief Act of 1997 and the Internal Revenue Service Restructuring and Reform Act enacted in 1998 contain numerous provisions affecting the real estate industry, generally, and the taxation of REITs, specifically. Changes 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;
- 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 127.

Suitability Standards

The shares we are offering are suitable only as a long-term investment for persons of adequate financial means. Initially, there is not expected to be any 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 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 the Wells REIT, our investment objectives and the relative illiquidity of the shares, the shares are an appropriate investment for certain investors. Each selected 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 selected 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 table sets forth information about how the proceeds raised in this offering will be used. Many of the figures set forth below represent the best estimate since they cannot be precisely calculated at this time. We expect that approximately 84% of the money you invest will be used to buy real estate, while the remaining 16% will be used for working capital and to pay expenses and fees including the payment of fees to Wells Investment Securities.

	Maximum Offering(1)	
	Amount	Percent
Gross Offering Proceeds	222,000,000	100%
Less Public Offering Expenses:		
Selling Commissions and Dealer Manager Fee (2)	21,090,000	9.5%
Organization and Offering Expenses (3)	6,660,000	3%
Amount Available for Investment (4)	$194,250,000	87.5%
Acquisition and Development:		
Acquisition and Advisory Fees (5)	$ 6,660,000	3%
Acquisition Expenses (6)	1,110,000	.5%
Initial Working Capital Reserve (7)	(7)	--
Amount Invested in Properties (4)(8)	$186,480,000	84%

(Footnotes to "Estimated Use of Proceeds")

1. Includes 20,000,000 shares offered to the public at $10 per share and 2,200,000 shares offered pursuant to our dividend reinvestment plan at $10 per share. Excludes 800,000 shares to be issued upon exercise of the soliciting dealer warrants.

2. Includes selling commissions equal to 7% 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% 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.

3. Organization and offering expenses consist of estimated legal, accounting, printing and other accountable offering expenses other than selling commissions and the dealer manager fee. The advisor 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% of gross offering proceeds without recourse against or reimbursement by the Wells REIT.

4. 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.

5. 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, our advisor, acquisition and advisory fees up to a maximum amount of 3% of gross offering proceeds in connection with the acquisition of the real estate properties. Acquisition and advisory fees do not include acquisition expenses.

6. 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.

7. 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 the we have insufficient funds for such purposes, we may apply an amount of up to 1% 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.

8. Includes amounts anticipated to be invested in properties net of fees and expenses. We estimate that approximately 84% of the proceeds received from the sale of shares will be used to acquire properties.

Management

General

We operate under the direction of the board, 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.

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 fifteen. We currently have a total of eight 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 eight current directors, seven 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.

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	55
Douglas P. Williams	Executive Vice President, Secretary and Treasurer	49
John L. Bell(1)	Director	59
Richard W. Carpenter(1)	Director	62
Bud Carter(1)	Director	61
William H. Keogler, Jr.(1)	Director	54
Donald S. Moss(1)	Director	63
Walter W. Sessoms(1)	Director	65
Neil H. Strickland(1)	Director	63

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(1) Messrs. Bell, Carpenter, Carter, Keogler, Moss, Sessoms and Strickland serve on our Audit Committee.

Leo F. Wells, III is the President and a director of the Wells REIT and the President and sole director of Wells Capital. 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 sole director and President of:

- Wells Management Company, Inc., our property manager;
- Wells Investment Securities, Inc., the 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 temporarily own, operate, manage and develop real properties.

Mr. Wells was a real estate salesman and property manager from 1970 to 1973 for Roy D. Warren & Company, an Atlanta real estate company, and he was associated from 1973 to 1976 with Sax Gaskin Real Estate Company, during which time he became a Life Member of the Atlanta Board of Realtors

Million Dollar Club. From 1980 to February 1985 he served as Vice President of Hill-Johnson, Inc., a Georgia corporation engaged in the construction business. Mr. Wells holds a Bachelor of Business Administration degree in economics from the University of Georgia. Mr. Wells is a member of the International Association for Financial Planning (IAFP) and a registered NASD principal.

Mr. Wells has over 25 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 October 1, 1999, these 26 real estate limited partnerships represented investments totaling approximately $300,000,000 from approximately 27,000 investors.

Douglas P. Williams, who was elected as Executive Vice President, Secretary and Treasurer of the Wells REIT on July 30, 1999, 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 advisory boards of Windsor Capital, Mountain Top Boys Home and the Eagle Ranch Boys Home. Mr. Bell is also extensively involved in buying and selling real estate 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. He is also President and director of Leisure Technology, Inc., a retirement community developer, a position which he has held since March 1993, Managing Partner of Carpenter Properties, L.P., a real estate limited partnership, and

President and director of the oil storage companies Wyatt Energy, Inc. and Commonwealth Oil Refining Company, Inc., positions which he has held since 1995 and 1984, respectively.

Mr. Carpenter also serves 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 42-year old international organization established to aid presidents and CEOs 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 6,000 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 BellSouth Telecommunications, Inc. from 1971 until his retirement in June 1997. While at BellSouth, Mr. Sessoms served in a number of key positions, including Vice President-Residence for the State of Georgia from June 1979 to July 1981, Vice President-Transitional Planning Officer from July 1981 to February 1982, Vice President-Georgia from February 1982 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 and is currently a lecturer at the University of Georgia.

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 our independent directors $250 for each board meeting they attend. 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. 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

The independent directors were each issued non-qualified stock options to purchase 2,500 shares (Initial Options) pursuant to the Independent Director Stock Option Plan (Plan). The Plan further provides for subsequent grants of options to purchase 1,000 shares (Subsequent Options) to each independent director then in office on the date of each annual stockholder's meeting beginning with the annual meeting to be held in the year 2000. The Initial Options and the Subsequent Options are collectively referred to as the "Options." However, 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. The option price for the Initial Options will be $12.00 per share. The option price for the Subsequent Options shall be 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 are exercisable beginning on the date we granted them and an additional one-fifth of the Initial Options will become exercisable on each anniversary of the date we grant them for a period of four years until 100% of the shares become exercisable. The Subsequent Options

granted under the 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 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 Company 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 Options. A corresponding adjustment to the exercise price of the 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 Options not exercised, but will change only the exercise price for each share.

Options granted under the 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. Options granted under the Plan are generally exercisable in the case of death or disability for a period of one year after death or the disabling event. No 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 Plan will terminate, and any outstanding 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 Options granted or the replacement of the 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 Plan and the 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.

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

Our organizational documents limit the personal liability of our 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 responsibility as a fiduciary 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	55	President and sole director
Douglas P. Williams	49	Senior Vice President
Stephen G. Franklin	52	Senior Vice President
Kim R. Comer	44	Vice President and Assistant Director of Investor Services
Edna B. King	61	Vice President of Investor Services
Linda L. Carson	55	Vice President of Accounting

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. most recently served as President of Global Access Learning, an international executive education and management development firm. From 1997 to 1999, Dr. 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, Dr. 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. Dr. Franklin was a frequent guest lecturer at universities throughout North America, Europe and South Africa.

In 1984, Dr. 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. Dr. 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 Assistant Director of Investor 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 strong 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.

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

Linda L. Carson is Vice President of Accounting for Wells Capital. She is responsible for fund, property and corporate accounting, SEC reporting and coordination of all audits by the independent public accountants. 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.

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.

Wells Capital currently owns 20,000 limited partnership units in Wells OP, our operating partnership, for which it contributed $200,000. Wells Capital may not sell these units while the advisory agreement is in effect, although it has the right to transfer such units to an affiliate. (See "The Operating Partnership Agreement.")

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 advisory agreement ends on January 30, 2000 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% of gross offering proceeds, which include expenses attributable to preparing the SEC registration statement, formation and organization of the Wells REIT, qualification of the shares for sale in the states, escrow arrangements, filing fees and expenses attributable to selling the shares including, but not limited to, selling commissions, advertising expenses, expense reimbursements, and counsel and accounting fees;

- 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 or 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, which constitutes 100% of the limited partner units outstanding. 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. 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). Wells Real Estate Funds, Inc. is the sole shareholder of Wells Management, and Mr. Wells is the President and sole director of Wells Management. (See "Conflicts of Interest.") The other principal officers of Wells Management are as follows:

Name	Positions
Michael C. Berndt	Vice President and Chief Investment Officer
M. Scott Meadows	Vice President of Property Management
Robert H. Stroud	Vice President of Leasing
Michael L. Watson	Vice President of Development

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 the advisor and its affiliates operate or in which they own an interest. As of October 1, 1999, Wells Management was managing in excess of 3,200,000 square feet of office buildings and shopping centers. We will pay Wells Management property management fees equal to 2.5% of the gross revenues of each building managed for management of our commercial properties. In addition, we will pay Wells Management leasing fees equal to 2.0% of the gross revenues of each building for which Wells Management provides leasing and tenant coordinating services. A special one-time initial rent-up or leasing fee typically equal to the first month's rent may be paid on the first leases for newly constructed properties. This fee must be competitive for the geographic area of the property, and the amount of this fee received by Wells Management will be reduced by any amount paid to an outside broker. The advisor believes these terms will be no less favorable to the Wells REIT than those customary for similar services in the relevant geographic area. Depending upon the location of certain of our properties and other circumstances, we may retain unaffiliated property management companies to render property management services for some of our properties.

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% 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, 1998, Wells Management reported $1,581,235 in gross operating revenues and $352,963 in net income.

The property manager will hire, direct and establish policies for the Wells REIT 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 Wells REIT employees may be employed on a part-time basis and may also be employed by one or more of the following:

- the advisor;
- the property manager;

- partnerships organized by the advisor and its affiliates; and
- other persons or entities owning properties managed by the property manager.

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

The Dealer Manager 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.")

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

IRA Custodian

Wells Advisors, Inc. 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 October 1, 1999, Wells Advisors was acting as the IRA custodian for in excess of $50,000,000 in Wells real estate program investments.

Management Decisions

The primary responsibility for the selection of our investments and the negotiation for these investments will reside in Michael C. Berndt, an officer of Wells Management and the principal real estate acquisition employee of Wells Capital, and Leo F. Wells, III, an officer and director of Wells Capital. Messrs. Berndt and Wells seek to invest in commercial properties, typically office buildings 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 the advisor and its affiliates.

Form of Compensation and Entity Receiving	Determination of Amount	Estimated Maximum Dollar Amount(1)
	Organizational and Offering Stage	
Selling Commissions - The Dealer Manager	Up to 7% of gross offering proceeds before reallowance of commissions earned by participating broker-dealers. The Dealer Manager intends to reallow 100% of commissions earned to participating broker-dealers.	$15,540,000
Dealer Manager Fee - The Dealer Manager	Up to 2.5% of gross offering proceeds before reallowance to participating broker-dealers. The Dealer Manager, 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.	$ 5,550,000
Reimbursement of Organization and Offering Expenses - The Advisor or its Affiliates	Up to 3% of gross offering proceeds. All organization and offering expenses (excluding selling commissions and the dealer manager fee) will be advanced by the advisor or its affiliates and reimbursed by the Wells REIT.	$ 6,660,000
	Acquisition and Development Stage	
Acquisition and Advisory Fees - The Advisor or its Affiliates (2)	For the review and evaluation of potential real property acquisitions, a fee of up to 3% of gross offering proceeds.	$ 6,660,000
Reimbursement of Acquisition Expenses - The Advisor or its Affiliates (2)	Up to .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.	$ 1,110,000

	Operational Stage	
Property Management and Leasing Fees - Wells Management Company, Inc.	For the management of our properties, property management fees equal to 2.5% of gross revenues. For leasing and tenant coordinating services, leasing fees equal to 2% of gross revenues. In addition, 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).	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
Real Estate Commissions - The Advisor or its Affiliates	In connection with the sale of 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% of the gross sales price of each property, 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% 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 - The Advisor (3)	After investors have received a return of their net capital contributions and an 8% per year cumulative, noncompounded return, then the advisor is entitled to receive 10% of remaining net sales proceeds.	Actual amounts are dependent upon results of operations and

		therefore cannot be determined at the present time.
Subordinated Incentive Listing Fee - The Advisor(4)(5)	Upon listing, a fee equal to 10% 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 cash flow necessary to generate an 8% per year cumulative, noncompounded return to investors. 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.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.

_____
(Footnotes to "Management Compensation")

1. The estimated maximum dollar amounts are based on the sale of a maximum of 20,000,000 shares to the public at $10 per share and the sale of 2,200,000 shares at $10 per share pursuant to our dividend reinvestment plan.

2. The total of all acquisition and advisory fees and the acquisition expenses shall not exceed, in the aggregate, an amount equal to 6% of the contract price of all of the properties which we will purchase.

3. The subordinated participation in net sale proceeds and the subordinated incentive listing fee to be received by the advisor are mutually exclusive of each other. In the event that the Wells REIT becomes listed and the advisor receives the subordinated incentive listing fee prior to its receipt of the subordinated participation in net sale proceeds, the advisor 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 sales proceeds.

In addition, the advisor and its affiliates will be reimbursed only for the actual cost of goods, services and materials used for or by the Wells REIT. The advisor 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 the advisor or its affiliates for services for which they are entitled to compensation by way of a separate fee. Excluded from allowable reimbursement shall be: (1) rent or depreciation, utilities, capital equipment, other administrative items; and (2) salaries, fringe benefits, travel expenses and other administrative items incurred by or allocated to any controlling persons of the advisor or its affiliates.

Since the advisor 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, the advisor 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 the advisor or its affiliates by reclassifying them under a different category.

Conflicts of Interest

We are subject to various conflicts of interest arising out of our relationship with the advisor and its affiliates, including conflicts related to the arrangements pursuant to which the advisor and its affiliates will be compensated by the 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 Real Estate Programs

The advisor 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. The advisor 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.

The advisor and its affiliates are currently sponsoring a real estate

program known as Wells Real Estate Fund XII, L.P. The registration statement of Wells Real Estate Fund XII, L.P. was declared effective by the Securities and Exchange Commission 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.

As described in the "Prior Performance Summary," the advisor 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 the advisor or its affiliates is in the market for similar properties, the advisor 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.")

The advisor 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 the Advisor and its Affiliates

We rely on the advisor 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, the advisor 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, the advisor 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.

The advisor 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 the advisor or the affiliate. Further, the advisor 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; the advisor 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 the advisor or any of its affiliates; or

. enter into agreements with the advisor 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. 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. The advisor will seek to reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In addition, the advisor will seek to reduce conflicts which may arise with respect to properties available for sale or rent by making prospective purchasers or tenants aware of all such properties. However, these conflicts cannot be fully avoided in that the advisor may establish differing compensation arrangements for employees at different properties or differing terms for resales or leasing of the various properties.

Affiliated Dealer Manager

Since Wells Investment Securities, Inc., the Dealer Manager, is an affiliate of the advisor, 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 Company, Inc., 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, the advisor, the Dealer Manager and their affiliates in connection with this offering and may in the future act as counsel to the Wells REIT, the advisor, the Dealer Manager and their affiliates. There is a possibility that in the future the interests of the various parties may become adverse. In the event that a dispute were to arise between the Wells REIT and the advisor, the Dealer Manager or any of their affiliates, separate counsel for such matters will be retained as and when appropriate.

Joint Ventures with Affiliates of the Advisor

We 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.") The advisor 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, the advisor 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 the advisor 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 the Advisor and its Affiliates

A transaction involving the purchase and sale of properties may result in the receipt of commissions, fees and other compensation by the advisor 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 the advisor 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, the advisor has considerable discretion with respect to all decisions relating to the terms and timing of all transactions. Therefore, the advisor 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 the advisor 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 affiliates. 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 the advisor 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 the advisor, 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 the advisor, 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 the advisor 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 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; and
- 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 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 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 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 the advisor and its affiliates in the most recently sponsored Wells programs has been to invest primarily in office buildings located in densely populated suburban markets. (See "Prior Performance Summary.")

We will seek to invest in properties that will satisfy the primary objective of providing dividend distributions 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 dividend distributions 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 distribution as dividends, preserving our capital and realizing growth in value upon the ultimate sale of our properties.

We anticipate that approximately 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.

Investment in real estate generally will take the form of fee title or of 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 the advisor 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 the 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 the advisor;
- 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

We may acquire properties, directly or through joint ventures with affiliated entities, from Wells Development Corporation (Wells Development), a corporation formed by Wells Management Company, Inc. (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 the 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 U.S. 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.

In an attempt to limit or avoid speculative purchases, to the extent possible, the advisor will seek to secure, on our behalf, leases with tenants at or prior to the closing of acquisitions of our 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 are likely to enter into one or more joint ventures with affiliated entities for the acquisition, development or improvement of properties for the purpose of diversifying our portfolio of assets. In this connection, we will likely enter into joint ventures with Wells Fund XI or Wells Fund XII or other Wells programs. Our advisor 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, our advisor 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 the advisor 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 the advisor'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, but may occur before or after any such signing, 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 the Advisor.")

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.

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.

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 the 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 sell all of our properties and distribute the net sale proceeds to you in liquidation of the Wells REIT. In making the decision to apply for listing of the shares, the directors will try to determine whether listing the 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 the shares. Even if the 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. 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 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

As of September 30, 1999, we had purchased interests in 16 real estate properties located in 11 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
Gartner Group, Inc.	Ft. Myers, FL	56.8%	$ 8,320,000	62,400	$ 642,798	01/2008
Videojet Systems International, Inc.	Wood Dale, IL	100%	$32,630,940	250,354	$2,838,952	11/2008
Johnson Matthey, Inc.	Tredyffrin Township, PA	56.8%	$ 8,000,000	130,000	$ 789,750	06/2007
ABB Power Generation Inc.	Richmond, VA	100%	$11,559,347	100,000	$ 956,000	05/2011
Sprint Communi-cations Company L.P.	Leawood, KS	56.8%	$ 9,500,000	68,900	$ 999,050	05/2007
EYBL CarTex, Inc.	Fountain Inn, SC	56.8%	$ 5,121,828	169,510	$ 508,530	02/2008

Matsushita Avionics Systems Corporation	Lake Forest, CA	100%	$18,400,000	150,000	$1,830,000	12/2009

Pennsylvania Cellular Telephone Corp.	Harrisburg, PA	100%	$12,291,200	81,859	$ 880,264	11/2008
Price-Waterhouse-Coopers, LLP	Tampa, FL	100%	$21,127,854	130,091	$1,915,741	12/2008
Cort Furniture Rental Corporation	Fountain Valley, CA	43.7%	$ 6,400,000	52,000	$ 758,964	10/2003
Fairchild Technologies U.S.A., Inc.	Fremont, CA	77.5%	$ 8,900,000	58,424	$ 842,062	11/2004
Iomega Corporation	Ogden City, UT	3.7%	$ 5,025,000	108,000	$ 480,000	07/2006
ODS Technologies, L.P. and Transecon, Inc.	Broomfield, CO	3.7%	$ 8,275,000	51,974	$ 839,400	10/2001
Ohmeda, Inc.	Louisville, CO	3.7%	$10,325,000	106,750	$1,004,520	01/2005
ABB Flakt, Inc.	Knoxville, TN	3.7%	$ 7,900,000	87,000	$ 881,150	12/2007
Lucent Technologies, Inc.	Oklahoma City, OK	3.7%	$ 5,504,276	55,017	$ 508,383	01/2008

Joint Ventures with Affiliates

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 XI-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 September 30, 1999, 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.

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 September 30, 1999, 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 Lucent Building, the ABB Knoxville Building, the Ohmeda Building, the Interlocken Building and the Iomega Building.

Wells OP is acting as the initial Administrative Venturer of both the XI-XII-REIT Joint Venture and the IX-X-XI-REIT Joint Venture and, as such, is responsible for establishing policies and operating procedures with respect to the business and affairs 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 such joint ventures or their real properties.

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 Lucent Building

The Lucent 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 Lucent 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 Lucent Building, including interest and other carrying costs, and accordingly, Wells Development made no profit from the sale of the Lucent Building to the IX-X-XI-REIT Joint Venture. Construction of the Lucent Building was completed in January 1998.

The Lucent Building is located at 14400 Hertz Quail Springs Parkway, Oklahoma City, Oklahoma. The site consists of approximately 5.3 acres located in

the Quail Springs Office Park in the northwest sector of Oklahoma City.

The Lucent Building is currently being leased to Lucent Technologies Inc. (Lucent Technologies). Lucent Technologies is a telecommunications company which was spun off by AT&T in April 1996. Lucent Technologies 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. Lucent Technologies is a public company traded on the New York Stock Exchange. For the fiscal year ended September 30, 1998, Lucent Technologies had total assets of in excess of $26 billion dollars and a net worth of in excess of $5 billion dollars.

The initial term of the Lucent lease is ten years which commenced on January 5, 1998 and expires in January 2008. Lucent Technologies has the option to extend the initial term of the Lucent lease for two additional five year periods.

The annual base rent payable under the Lucent 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 Lucent 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 Lucent lease, Lucent Technologies also has a one-time option to terminate the Lucent 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 Lucent Technologies elects to exercise its option to terminate the Lucent lease, Lucent Technologies 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 Lucent 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 Lucent Technologies, in the event it exercises its option to terminate the Lucent lease on the seventh anniversary, would be approximately $1,339,000 upon certain assumptions.

The ABB Knoxville Building

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 ABB Knoxville Building. Wells Fund IX contributed the ABB 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 ABB Knoxville Building was completed in December 1997.

The site is 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 ABB Knoxville Building is currently leased as follows:

Floors	Tenant	Rentable Sq. Ft.

1	Center Partners, Inc.	23,992
2, 3	ABB Flakt, Inc.	57,831
2	Green Tree Financial Servicing Corporation	2,581

The entire third floor and most of the second floor of the ABB Knoxville Building containing approximately 57,831 square feet (69% of the total square feet) is currently under lease to ABB Flakt, Inc. (ABB). The initial term of the ABB lease is nine years and 11 months which commenced on January 1, 1998 and expires in December 2007.

ABB is principally engaged in the business of pollution control engineering and consulting. ABB will use the leased area as office space for approximately 220 employees. ABB Asea Brown Boveri, Ltd., a Swiss corporation based in Zurich, is the holding company of the ABB Asea Brown Boveri Group which is comprised of approximately 1,000 companies around the world, including ABB. The ABB Group revenue is predominately provided by contracts with utilities and independent power producers for the design and engineering, construction, manufacture and marketing of products, services and systems in connection with the generation, transmission and distribution of electricity. In addition, the ABB Group generates a significant portion of its revenues from the sale of industrial automation products, systems and services to pulp and paper, automotive and other manufacturers.

As security for ABB's obligations under its lease, ABB 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 ABB lease. The letter of credit maintained by ABB 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 annual base rent payable under the ABB lease is $646,250 payable in equal monthly installments of $53,854 during the first five years of the initial lease term, and $728,750 payable in equal monthly installments of $60,729 during the last four years and 11 months of the initial lease term.

The IX-X-XI-REIT Joint Venture has agreed to provide ABB 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 ABB for at least three consecutive years ending with such fifth anniversary reduced by (2) $177,000.

The terms of the ABB lease provide that ABB has the right of first refusal for the lease of the space in the ABB Knoxville Building that was not initially leased by ABB. Therefore, at the expiration

of the lease terms of Center Partners, Inc. and Green Tree Financial Services which are described below, ABB will again have a right of first refusal for this space.

ABB has a one-time option to terminate the ABB 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 ABB elects to exercise this termination option, ABB 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 ABB 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 ABB in

the event it exercises its option to terminate the ABB lease on the seventh anniversary would be approximately $1,800,000 based upon certain assumptions.

The entire first floor of the ABB Knoxville Building containing approximately 23,992 square feet (28% of the total square feet) is currently under lease to Center Partners, Inc. (CPI). The initial term of the CPI lease is five years which commences in January 2000 and expires in December 2004. CPI has the right to extend the lease for two additional five year periods of time.

CPI is engaged in the business of providing comprehensive solutions to corporations in technical support, customer service and order processing.

The base rent payable under the CPI lease is as follows:

Year	Annual Rent	Monthly Rent
1	$299,900	$24,991.67
2	$307,338	$25,611.46
3	$315,015	$26,251.25
4	$322,932	$26,911.03
5	$331,090	$27,590.80

The base rent payable during the extension term shall be the market rental rate then being charged by landlords under new leases in the Knoxville rental market for a building, parking area and other improvements similar to the ABB Knoxville Building. If the parties cannot agree on the market rental rate within six months of the commencement of the extension term, such rental rate shall be determined by appraisal.

A portion of the second floor of the ABB Knoxville Building containing approximately 2,581 square feet (3% of the total square feet) is currently under lease to Green Tree Financial Servicing Corporation (Green Tree). The term of the Green Tree lease is five years which commenced on January 1, 1999 and will expire in December 2003.

The base rent payable under the Green Tree lease is as follows:

Year	Annual Rent	Monthly Rent
1	$50,330	$4,194.13
2	$51,672	$4,305.97
3	$53,091	$4,424.26
4	$41,632	$3,469.29

5	$43,103	$3,591.89

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 site is a 15 acre tract of land in the Centennial Valley Business Park located approximately five miles southeast of Boulder and approximately 17 miles northwest of Denver, situated near Highway 36, which is the main thoroughfare between Boulder and Denver.

The entire 106,750 rentable square feet of the Ohmeda Building is currently under lease with Ohmeda, Inc. (Ohmeda). The Ohmeda lease currently expires in January 2005, subject to (1) Ohmeda's right to effectuate an early termination of the Ohmeda lease under the terms and conditions described below, and (2) Ohmeda's right to extend the Ohmeda Lease for two additional five year periods of time.

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 base rent payable under the Ohmeda lease is as follows:

Year	Annual Rent	Monthly Rent
1999-2002	$1,004,520	$83,710
2003	$1,054,692	$87,891
2004	$1,107,000	$92,250

The Ohmeda lease contains an early termination clause that allows Ohmeda the right to terminate the Ohmeda lease, subject to certain conditions, on either January 31, 2001 or January 31, 2002. In order to exercise this early termination clause, Ohmeda must give the IX-X-XI-REIT Joint Venture notice on or before 5:00 p.m. MST, January 31, 2000, and said notice must identify which early termination date Ohmeda is exercising. If Ohmeda exercises its right to terminate on January 31, 2001, then Ohmeda must tender $753,388 plus an amount equal to the amount of real property taxes estimated to be payable to the landlord in 2002 for the tax year 2001 based on the most recent assessment information available on the early termination date. If Ohmeda exercises its right to terminate on January 31, 2002, then Ohmeda must tender $502,259 plus an amount equal to the amount of real property taxes estimated to be payable to the landlord in 2003 for the tax year 2002 based on the most recent assessment information available on the early termination date. At the present time, real property taxes relating to this property are approximately $135,500 per year. The payment of these amounts by Ohmeda for early termination must be made on or before the 180th day prior to the appropriate early termination date. If the amount of the real property taxes actually assessed is greater or lesser than the amount paid by Ohmeda on the early termination date, then the difference shall be adjusted accordingly within 30 days of notice of such difference.

In addition, 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 3.0%, 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 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 site is a 5.1 acre tract of land in the Interlocken Business Park located on Highway 36, the Boulder-Denver Turnpike, which is the main thoroughfare between Boulder and Denver, and 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	Transecon, 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 Transecon, Inc. The Transecon lease currently expires in October 2001, subject to Transecon's right to extend for one additional term of five years upon 180 days' notice.

Transecon 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. Transecon was founded in 1989 and currently employs approximately 60 people.

The monthly base rent payable under the Transecon Lease is approximately $24,000 for the initial term of the lease, and is calculated under the Transecon lease based upon 18,011 rentable square feet. In addition, Transecon has a right of first refusal under the lease for any second floor space proposed to be leased by the landlord. If Transecon elects to extend the lease, the monthly base rent shall be a market rate, but no less than $24,000 and no more than $27,700. In accordance with the Transecon lease, Golden Rule, Inc., an affiliate of Transecon, occupies 6,621 rentable square feet of the third floor. Transecon guarantees the entire payment due under the Transecon Lease. Transecon also leases 1,510 rentable square feet on the first floor. The base rent payable for this space is as follows:

Year	Annual Rent	Monthly Rent
1999	$25,200	$2,100
2000	$25,800	$2,150
2001	$26,400	$2,200

The entire second floor of the Interlocken Building containing 17,146 rentable square feet (33% of total rentable square feet) is currently under lease to ODS Technologies, L.P. (ODS). 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.

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 has relocated its business to the Interlocken Building.

The base rent payable under the ODS lease is as follows:

Year	Annual Rent	Monthly Rent
1999	$271,200	$22,600
2000	$277,200	$23,100
2001	$282,600	$23,550
2002	$288,600	$24,050
2003	$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 whose leases expire in late 2001 or 2002. The aggregate monthly base rent payable under these leases for 1999 is approximately $22,055.

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 site is an approximately 8 acre tract of land located 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 entire Iomega Building is currently under lease to Iomega Corporation (Iomega). The Iomega lease had a ten year lease term which commenced on August 1, 1996. In March 1999, the IX-X-XI-REIT Joint Venture acquired an adjacent parcel of land and began constructing additional parking at the site. 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.

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. Iomega reported total sales of in excess of $1.6 billion and a net worth of in excess of $400 million for its fiscal year ended December 31, 1998.

The monthly base rent payable under the Iomega lease is $54,989.41. 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 Fairchild Building

Wells OP entered into a Joint Venture Agreement known as Wells/Fremont Associates (Fremont Joint Venture) with Fund X and Fund XI Associates (Fund 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 October 15, 1999, 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 77.5%, 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 22.5%.

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

The entire 58,424 rentable square feet of the Fairchild Building is currently under lease to Fairchild Technologies U.S.A., Inc. (Fairchild). The Fairchild lease 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.

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, which reported total consolidated sales of in excess of $741 million and a net worth of in excess of $470 million for its fiscal year ended June 30, 1998.

The base rent payable under the Fairchild lease is as follows:

Year	Annual Rent	Monthly Rent
1999	$817,536	$68,128
2000	$842,064	$70,172
2001	$867,324	$72,277
2002	$893,340	$74,445
2003	$920,136	$76,678
2004	$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

Wells OP entered into another Joint Venture Agreement with the Fund 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 October 15, 1999, Wells OP had made total capital contributions to the Cort Joint Venture of $2,870,982 and held an equity percentage interest in the Cort Joint Venture of 43.7%, 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 56.3%.

Wells OP is acting as the initial Administrative Venturer of both 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 each of Wells Fund X and Wells Fund XI will be required for any major decision or any action which materially affects the Fremont Joint Venture or the Cort Joint Venture or its real property investments.

The Cort Furniture Building is a one story office and warehouse building with 52,000 rentable square feet comprised of an 18,000 square foot office and open showroom area and a 34,000 square foot

warehouse area. 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 site consists of two parcels of land totaling approximately 3.6 acres and is located at 10700 Spencer Street on the southeast corner of Spencer Avenue and Mt. Langley Street adjacent on the south side to Interstate 405 in the City of Fountain Valley, California.

The entire 52,000 rentable square feet of the Cort Furniture Building is currently under lease 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.

The Cort lease contains a lease term of 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.

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, which reported net income of in excess of $23 million on total consolidated revenue of in excess of $319 million, and reported a net worth of in excess of $175 million for its fiscal year ended December 31, 1998.

The monthly base rent payable under the Cort lease is $63,247 through April 30, 2001 at which time the monthly base rent will be increased 10% to $69,574 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 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.

Wells OP purchased the PWC Building subject to a loan from SouthTrust Bank, N.A. (SouthTrust) in the outstanding principal amount of $14,132,537.87 (SouthTrust Loan). The SouthTrust Loan consists of a revolving credit facility whereby SouthTrust agreed to loan up to $15.2 million to Wells OP in connection with its purchase of real properties. The principal balance of the SouthTrust Loan relating to the acquisition of the PWC Building has since been paid off by Wells OP leaving in place the revolving credit facility. The SouthTrust Loan requires monthly payments of interest only and matures on December 31, 2000. The interest rate on the SouthTrust Loan is a variable rate per annum equal to the London InterBank Offered Rate for a thirty day period plus 200 basis points. The current interest rate under the SouthTrust Loan is 7.44%. The SouthTrust Loan is secured by a first mortgage against the PWC Building.

The site consists of approximately 9 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.

The entire PWC Building is under lease to PriceWaterhouseCoopers (PWC). The PWC lease currently expires in December 2008, subject to PWC's right to extend the lease for two additional five year periods of time.

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 annual base rent payable under the PWC lease is $1,915,741 ($14.73 per square foot) payable in equal monthly installments of $159,645.09 during the first year of the initial lease term. 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) ninety percent (90%) of the "market rent rate" for such space multiplied by the rentable area of the leased premises, or (b) one hundred percent (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 one hundred three percent (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 one hundred three percent (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 one hundred five percent (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 one hundred three percent (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 Vanguard Cellular Building

The Vanguard Cellular Building is a four story office building containing approximately 81,859 rentable square feet located in Harrisburg, Pennsylvania. Construction of the Vanguard Cellular Building was completed in November 1998.

Wells OP purchased the Vanguard Cellular Building on February 4, 1999 for a purchase price of $12,291,200. Wells OP expended cash proceeds in the amount of $6,332,100 and obtained a loan in the amount of $6,425,000 from Bank of America, N.A., (BOA Loan), the net proceeds of which were used to fund the remainder of the purchase price of the Vanguard Cellular Building.

The BOA loan matures on January 4, 2002. The interest rate on the BOA Loan is a fixed rate equal to the rate appearing on Telerate Page 3750 as the London Inter Bank Offered Rate plus 200 basis points over a six month period. Wells OP made a required principal installment in the amount of $6,150,000 on July 22, 1999. As of September 30, 1999, the outstanding principal balance of the BOA Loan was $203,504. On September 13, 1999, Bank of America agreed to make a new

revolving credit loan of up to $9,825,000 to Wells OP for the acquisition of real properties. Wells OP is required to make monthly installments of accrued interest under the BOA Loan. The BOA Loan is secured by a first mortgage against the Vanguard Cellular Building. Leo F. Wells, III and the Wells REIT are co-guarantors of the BOA Loan.

The site consists of approximately 10.5 acres of land in Commerce Park, 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.

The Vanguard Cellular Building is leased to Pennsylvania Cellular Telephone Corp., a subsidiary of 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. Vanguard Cellular reported net income in excess of $74 million on revenues in excess of $420 million and a net worth in excess of $100 million for the year ended December 31, 1998.

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. 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:

Year	Annual Rent	$ Per Sq. Ft.	Monthly Rent
2	$1,390,833	$16.99	$115,902.76
3	$1,416,221	$17.30	$118,018.38
4	$1,442,116	$17.62	$120,176.32
5	$1,468,529	$17.94	$122,377.41
6	$1,374,011	$16.79	$114,500.91
7	$1,401,491	$17.12	$116,790.93
8	$1,429,521	$17.46	$119,126.74
9	$1,458,111	$17.81	$121,509.28
10	$1,487,274	$18.17	$123,939.47

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 twelve 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 Vanguard commencement date.

The Matsushita Property

Purchase of the Matsushita Property. On March 15, 1999, Wells OP purchased

an 8.8 acre tract of land located in Lake Forest, Orange County, California for a purchase price of $4,450,230.

Wells OP entered into a development agreement for the construction of a two story office building containing approximately 150,000 rentable square feet to be erected on the Matsushita Property. Wells OP entered into an Office Lease with Matsushita Avionics Systems Corporation (Matsushita Avionics), pursuant to which Matsushita Avionics agreed to lease all of the Matsushita Project upon its completion.

Termination of Existing Lease. Matsushita Avionics is currently a tenant of a building located at 15253 Bake Parkway, Irvine, California owned by Fund VIII and Fund IX Associates (Fund VIII-IX Joint Venture), a Georgia joint venture between Wells Fund VIII and Wells Fund IX. Matsushita Avionics and the Fund VIII-IX Joint Venture have entered into a Lease and Guaranty Termination Agreement dated February 18, 1999 pursuant to which Matsushita Avionics will be vacating the existing building in December 1999 and relieved of any of its obligations under the existing lease upon the Matsushita commencement date of the Matsushita lease. The existing lease terminates in September 2003.

Rental Income Guaranty by Wells OP. In consideration for the Fund VIII-IX Joint Venture releasing Matsushita Avionics from its obligations under the existing lease and thereby allowing Wells OP to enter into the Matsushita lease with Matsushita Avionics, Wells OP entered into a Rental Income Guaranty Agreement dated February 18, 1999, whereby Wells OP guaranteed the Fund VIII-IX Joint Venture that it will receive rental income on the existing building at least equal to the rental and building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of the existing lease. Current rental and building expenses are approximately $90,000 per month. The Wells REIT's maximum exposure to liability to the Fund VIII-IX Joint Venture under this Rental Income Guaranty was taken into account in the economic analysis performed in making the determination to go forward with the development of the Matsushita project. Management of the Wells REIT anticipates that the ultimate liability will be less than the maximum exposure to liability; however, management cannot, at this time, determine the ultimate liability under the Rental Income Guaranty Agreement. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources.")

Description of the Matsushita Project and the Site. The Matsushita project involves the construction of a two story office building containing 150,000 rentable square feet. The building will contain parking for approximately 600 vehicles.

The site consists of an 8.8 acre tract of land 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 with easy access to the Foothill Transportation Corridor and the San Diego Freeway.

An independent appraisal of the Matsushita project dated March 16, 1999 was prepared by CB Richard Ellis, Inc., real estate appraisers, pursuant to which the market value of the land and the leased fee interest in the Matsushita project subject to the Matsushita lease was estimated to be $18.9 million, in cash or terms equivalent to cash, as of December 21, 1999, the anticipated completion date. This value estimate was based upon a number of assumptions, including that the Matsushita project will be finished in accordance with plans and specifications, that total development costs would not exceed $17.8 million and that the building will be operated following completion at a stabilized level with Matsushita Avionics

occupying 100% of the building at a rental rate calculated based upon the $17.8 million development budget. Prior to closing of the Matsushita loan (described below), Bank of America will obtain a revised independent appraisal of the Matsushita Property reflecting a value estimate based upon a development budget of $18.4 million. Wells OP obtained an environmental report prior to closing of the Matsushita Property evidencing that the environmental condition of the Matsushita Property is satisfactory.

The Matsushita Project Loans. Wells OP obtained $7,000,000 in financing for the Matsushita project from SouthTrust Bank, N.A. pursuant to the revolving credit facility extended to Wells OP in connection with the acquisition of the PWC Building.

In addition, Wells OP obtained a construction loan from Bank of America, N.A. in the maximum principal amount of $15,375,000, the proceeds of which are being used to fund the development and construction of the Matsushita project. The Matsushita loan shall mature on May 9, 2001. The interest rate on the Matsushita loan is a variable rate equal to either (1) the Bank of America "prime rate," or (2) at the option of Wells OP, the rate per annum appearing on Telerate Page 3750 as the London Inter Bank Offered Rate for a 30 day period, plus 200 basis points. Wells OP is making monthly installments of interest, and it is anticipated that, commencing in January 2000, Wells OP will make monthly installments of principal in the amount of $10,703 until maturity. On the maturity date, the entire outstanding principal balance plus any accrued but unpaid interest shall be due and payable. The Matsushita loan is secured by a first priority mortgage against the Matsushita project. Leo F. Wells, III and the Wells REIT are co-guarantors of the Matsushita loan.

Development Agreement. On March 23, 1999, Wells OP entered into a development agreement with ADEVCO Corporation as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the Matsushita project.

The developer is an Atlanta-based real estate development and management company formed in 1990 which specializes in the development of office buildings. The developer has previously developed or is developing a total of six office buildings for affiliates of our advisor. In this regard, the developer entered into:

- a development agreement with Wells Real Estate Fund III, L.P. (Wells Fund III) for the development of a two-story office building containing approximately 34,300 rentable square feet located in Greenville, North Carolina;

- a development agreement with Fund IV and Fund V Associates, a joint venture between Wells Real Estate Fund IV, L.P., (Wells Fund IV) and Wells Real Estate Fund V, L.P. (Wells Fund V), for the development of a four-story office building located in Jacksonville, Florida containing approximately 87,600 rentable square feet;

- a development agreement with the Fund VII-VIII Joint Venture, a joint venture between Wells Real Estate Fund VII, L.P.(Wells Fund VII), and Wells Real Estate Fund VIII, L.P. (Wells Fund VIII), for the development of a two-story office building containing approximately 62,000 rentable square feet located in Alachua County, near Gainesville, Florida;

- a development agreement with Fund VI, Fund VII and Fund VIII Associates, a joint venture among Wells Real Estate Fund VI, L.P. (Wells Fund VI), Wells Fund VII and Wells Fund VIII, for the development of a four-story office building containing approximately 92,964 rentable square feet located in Jacksonville, Florida;

- a development agreement with Fund VIII and Fund IX Associates, a joint venture between Wells Fund VIII and Wells Real Estate Fund IX, L.P. (Wells Fund IX), for the development of a four-story office building containing approximately 96,750 rentable square feet located in Madison, Wisconsin; and

- a development agreement with Wells Fund IX for the development of a three-story office building containing approximately 83,885 rentable square feet located in Knoxville, Tennessee.

The President of the Developer is David M. Kraxberger. Mr. Kraxberger has been in the real estate business for over 17 years. From 1984 to 1990, Mr. Kraxberger served as Senior Vice President of Office Development for The Oxford Group, Inc., an Atlanta-based real estate company with operations in seven southeastern states. Mr. Kraxberger holds a Masters Degree in Business Administration from Pepperdine University in Los Angeles, California, and is a member of the Urban Land Institute and the National Association of Industrial Office Parks. Mr. Kraxberger also holds a Georgia real estate license. Pursuant to the terms of a guaranty agreement, Mr. Kraxberger has personally guaranteed the performance of the developer under the development agreement. Mr. Kraxberger has also personally guaranteed the performance of the contractor, Integra Construction, Inc., under the construction contract pursuant to the terms of a separate guaranty agreement. Neither the developer nor Mr. Kraxberger are affiliated with the advisor or its affiliates.

As compensation for the services to be rendered by the developer under the development agreement, Wells OP will pay a development fee of $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 Matsushita project is completed.

We anticipate that the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition of the Matsushita property, the planning, design, development, construction and completion of the Matsushita project, the build-out of tenant improvements under the Matsushita lease and the contingency reserve will total approximately $18,400,000. The development budget may be adjusted upward or downward based upon changes agreed to by Wells OP and Matsushita Avionics. The development budget is as follows:

Construction Contract	$6,492,431
Tenant Improvements	3,675,957
Land	4,450,230
Property Taxes	65,000
Architectural Fees	622,472
Architect's Expenses	60,000
Development Fee	250,000
Government Fees	1,072,019
Survey and Engineering	30,300
Appraisal	7,500
Miscellaneous	32,000
Lease Commissions	608,292
Contingency	300,000
Construction Interest	535,757
Loan Fees	91,844
Legal Fees	75,000

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 $18,400,000 (except for changes agreed to by Wells OP and Matsushita Avionics), the amount of fees payable to the developer shall be reduced by the amount of any such excess. Unless the fees otherwise payable to the developer are reduced as set forth above, it is estimated that the total sums due and payable to the developer under the development agreement will be approximately $250,000.

Construction Contract. Wells OP entered into a construction contract with the general contracting firm of GWGC, Inc. doing business as Gordon & Williams General Contractors, Inc. for the construction of the Matsushita project. The contractor is a California corporation based in Laguna Hills, California specializing in commercial, industrial, amusement park and office buildings. The contractor is presently engaged in the construction of ten projects with a total construction value of in excess of $72 million, and since 1993, has completed 45 projects with a total construction value in excess of $1.9 billion. Construction of the Matsushita project began in May 1999.

The construction contract provides that Wells OP shall pay the contractor a fee equal to 3% of the cost of the work performed by the contractor, as adjusted by approved change orders, for the construction of the Matsushita project, excluding tenant improvements. The contractor will be responsible for all costs of labor, materials, construction equipment and machinery necessary for completion of the Matsushita 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 Matsushita project. Under the construction contract, the cost of the work and the contractor's fees will be guaranteed not to exceed $6,500,000, subject to additions and deductions by approved change orders. To the extent that costs incurred by the contractor exceed such guaranteed maximum price, the contractor will be required to pay all such costs without reimbursement by Wells OP.

Any amounts saved by the contractor as a result of bids awarded or subcontracted at amounts below the approved costs for such items shall be set aside as a contingency reserve. The contractor may only be reimbursed from the contingency reserve for reasonable costs incurred in connection with certain unknown and unforeseeable risks enumerated in the construction contract, and only to the extent that such costs will not cause the contractor to exceed the guaranteed maximum price. In the event that, at the time of final completion, the total aggregate sum of the actual cost of the work, the contractor's fees and any amounts incurred to remedy defects in the work is less than the guaranteed maximum price, the difference shall be divided evenly by the contractor and Wells OP.

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. Wells OP will pay the entire unpaid balance when the Matsushita project has been fully completed in accordance with the terms and conditions of the construction contract.

As of September 30, 1999, Wells OP had spent in excess of $8,800,000 on the Matsushita project, and it was approximately 51% complete. We anticipate that the Matsushita project will be completed in December 1999.

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 will agree 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 action 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 will also require the contractor to obtain and maintain, until completion of the Matsushita project, adequate insurance coverage relating to the Matsushita project, including insurance for workers' compensation, personal injury and property damage.

Architect's Agreement. Ware & Malcomb Architects, Inc. is the architect for the Matsushita project pursuant to the architect's agreement dated January 11, 1999 entered into with Wells OP. The architect, which was founded in 1972, is based in Irvine, California, has a professional staff of over 75 persons, and specializes in the design of office buildings, corporate facilities, industrial and research and development buildings, healthcare and high-tech facilities, as well as commercial/retail centers.

The architect's basic services under the architect's agreement include the schematic design phase, the design development phase, the construction documents phase, the bidding or negotiation phase and the construction phase.

The total amount of fees payable to the architect under the architect's agreement is $622,472. Payments are being paid to the architect on a monthly basis in proportion to the services performed within each phase of service. In addition, the architect and its employees and consultants are reimbursed for expenses including, but not limited to, transportation in connection with the Matsushita project, living expenses in connection with out-of-town travel, long distance communications and fees paid for securing approval of authorities having jurisdiction over the Matsushita project. It is estimated that the total reimbursable expenses in connection with the development of the Matsushita project will be approximately $60,000.

Matsushita Lease. On February 18, 1999, Wells OP entered into an office lease pursuant to which Matsushita Avionics agreed to lease 100% of the 150,000 rentable square feet of the Matsushita project.

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 oversees the North American operations of Matsushita Industrial. In North America, Matsushita Electric makes consumer, commercial and industrial electronics, including products ranging from juke boxes to flat digital television sets, primarily under the Panasonic brand name. Matsushita Electric has more than 20 plants in the United States, Mexico and Canada and employs over 23,000 people. Matsushita Electric has guaranteed the obligations of Matsushita Avionics under the Matsushita lease. Matsushita Electric reported net income for the fiscal year ended March 31, 1998 of over $700 million on gross revenues of over $8.0 billion.

The initial term of the Matsushita lease will be seven years to commence on the earlier of (1) the date Matsushita Avionics commences business in the premises, or (2) the date upon which a series of conditions are met, including but not limited to, Wells OP's completion of the improvements and a certificate of occupancy is issued. 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 Year	Yearly Base Rent	Monthly Base Rent
1-2	$1,830,000	$152,500
3-4	$1,947,120	$162,260
5-6	$2,064,240	$172,020
7	$2,181,360	$181,780

The monthly base rent is based upon a projected total cost for the Matsushita project of $17,847,769. If the total project cost, as provided in the work letter attached as an exhibit to the Matsushita lease, is more or less than $17,847,769, then the monthly base rent shall be adjusted upward or downward, as the case may be, by ten percent (10%) of the difference.

The monthly base rent payable during the option term shall be ninety-five percent (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 six percent (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 EYBL CarTex Building

The EYBL CarTex Building is a manufacturing and office building consisting of a total of 169,510 square feet comprised of approximately 140,580 square feet of manufacturing space, 25,300 square feet of two story office space and 3,360 square feet of cafeteria/training space. The XI-XII-REIT Joint Venture purchased the EYBL CarTex Building on May 18, 1999 for a purchase price of $5,085,000.

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

The entire 169,510 rentable square feet of the EYBL CarTex Building is currently under lease to EYBL CarTex, Inc. (EYBL CarTex). The EYBL CarTex lease 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.

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. EYBL International reported total consolidated sales of in excess of $260 million and a net worth of approximately $50 million during 1998.

The base rent payable under the EYBL CarTex lease for the remainder of the lease term shall be as follows:

Lease Year	Annual Rent	Monthly Rent
2	$508,530.00	$42,377.50
3	$508,530.00	$42,377.50
4	$508,530.00	$42,377.50
5	$550,907.50	$45,908.95
6	$550,907.50	$45,908.95
7	$593,285.00	$49,440.42
8	$593,285.00	$49,440.42
9	$610,236.00	$50,853.00
10	$610,236.00	$50,853.00

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 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 site is 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 entire 68,900 rentable square feet of the Sprint Building is currently under lease to Sprint Communications Company L.P. (Sprint). The Sprint lease 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.

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. Sprint reported net income of in excess of $1.3 billion on net revenues of in excess of $9.9 billion for its fiscal year ended December 31, 1998.

The monthly base rent payable under the Sprint lease is $83,254 through May 18, 2002 and $91,867 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 ABB Richmond Property

Purchase of the ABB Richmond Property. On July 22, 1999, 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 located in Midlothian, Chesterfield County, Virginia for a purchase price of $936,250.

Wells LLC VA entered into a development agreement for the construction of a four-story brick office building containing approximately 100,000 rentable square feet to be erected on the ABB Richmond Property. Wells LLC VA entered into an office lease with ABB Power Generation Inc. (ABB Power) pursuant to which ABB Power agreed to lease the ABB Richmond project upon its completion.

Description of the ABB Richmond Project and the Site. The ABB Richmond project involves the construction of a four-story brick office building containing 102,000 gross square feet with on-grade parking for approximately 500 cars.

The site consists of a 7.49 acre tract of land located in the Waterford Business Park in Southwest Richmond, Virginia. Waterford is a 250-acre office park in the Clover Hill District of Chesterfield

County, one of the fastest growing counties in Virginia. The office park is located at the interchange of I-288 and the Powhite Parkway with excellent access to I-95 and I-64.

Midlothian is located approximately nine miles southwest of the Richmond central business district. The moderate cost of living, low taxes and strong economic base, as well as the transportation networks and waterways, make Richmond an attractive location for businesses.

An independent appraisal of the ABB Richmond project was prepared by CB Richard Ellis, Inc., real estate appraisers, as of June 21, 1999, pursuant to which the market value of the land and the leased fee interest in the ABB Richmond project subject to the ABB Richmond lease was estimated to be $11.6 million, in cash or terms equivalent to cash. This value estimate was based upon a number of assumptions, including that the ABB Richmond project will be finished in accordance with plans and specifications, that total development costs would not exceed $11.5 million and that the building will be operated following completion at a stabilized level with ABB Power occupying 80% of the building at a rental rate calculated based upon the $11.5 million development budget. Wells OP obtained an environmental report prior to closing of the ABB Richmond Property evidencing that the environmental condition of the ABB Richmond Property is satisfactory.

The ABB Richmond Loan. In addition, Wells LLC VA has received a commitment to obtain a construction loan from SouthTrust Bank, N.A. in the maximum principal amount of $9,280,000, the proceeds of which will be used to fund the development and construction of the ABB Richmond project. The ABB Richmond loan matures 30 months from the date of the loan closing. The interest rate on the ABB Richmond loan is 225 basis points over the London Inter Bank Offered Rate with a 1/2 point origination fee. The loan will be secured by a pledge of the real estate, the ABB Richmond lease and a $4,000,000 letter of credit issued by Unibank. Leo F. Wells, III will be a guarantor of the ABB Richmond loan.

Although management of Wells LLC VA currently anticipates obtaining the ABB Richmond loan from SouthTrust Bank, N.A., pursuant to the terms described above, Wells LLC VA has not yet entered into a formal loan agreement. Therefore, there is no guarantee that Wells LLC VA will obtain the ABB Richmond loan under the terms described above or that the loan obtained to fund the construction and development of the ABB Richmond project will materially differ from the terms described above.

Development Agreement. On June 28, 1999, Wells LLC VA entered into a development agreement with ADEVCO Corporation as the exclusive development manager to supervise, manage and coordinate the planning, design, construction and completion of the ABB Richmond project.

As compensation for the services to be rendered by the developer under the development agreement, Wells LLC VA will pay a development fee of $150,000. The development fee will be due and payable ratably (on the basis of the percentage of construction completed) as the construction and development of the ABB Richmond project is completed. Wells LLC VA will also pay the developer an "ABB Work Fee" of $150,000 which will be payable in a lump sum at the completion of the ABB Richmond project. The ABB Work Fee is for services rendered by the developer with respect to the supervision and management of tenant build-out of the premises leased by ABB Power pursuant to the ABB Power lease.

We anticipate that the aggregate of all costs and expenses to be incurred by Wells LLC VA with respect to the acquisition of the ABB Richmond Property, the planning, design, development, construction and completion of the ABB Richmond project, the build-out of tenant improvements under the ABB Richmond lease and the contingency reserve will total approximately $11,559,347 comprised

of the following expenditures:

Construction Contract	$5,549,527
Tenant Improvements - ABB Premises	2,047,112
Tenant Improvements - Additional Space	483,050
Land	937,500
Contractor's Bond	45,000
Work Fee	60,000
Architectural Fees & Expenses	235,134
Space Planning	80,000
Development Fee	150,000
ABB Work Fee	150,000
Survey and Engineering	78,500
Landscape Construction	150,000
Holdover Contingency	75,000
Construction Interest	350,000
Loan Commitment Fee	100,000
Commissions	600,639
Legal Fees	75,000
Contingency	298,233
Miscellaneous	94,652

Under the terms of the development agreement, the developer has agreed that, in the event that the total of all such costs and expenses (excluding costs for closing costs, loan fees, construction interest, tenant improvements and leasing commissions) exceeds $9,454,658 (except for changes agreed to by Wells LLC VA and ABB Power), the amount of fees payable to the developer shall be reduced by the amount of any such excess.

Construction Contract. Wells LLC VA entered into a construction contract dated June 14, 1999 with the general contracting firm of Bovis Construction Corp. for the construction of the ABB Richmond project. The contractor, which was founded in London in 1885, now ranks among the world's top 10 construction companies with projects in 36 countries. At any one time, the contractor is engaged in approximately 500 projects.

The construction contract provides that Wells LLC VA shall pay the contractor $5,549,527 for the full and proper work detailed in the contract. The contractor commenced work on the ABB Richmond project in June 1999.

Wells LLC VA 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 LLC VA; provided, however, that when a total of $277,500 has been withheld as retainage, no further retainage will be withheld from the monthly progress payments. Wells LLC VA will pay the entire unpaid balance when the ABB Richmond 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 LLC VA.

As of September 30, 1999, Wells OP had spent approximately $1,800,000 on the ABB Richmond project and it was approximately 15% complete. We anticipate that the ABB Richmond project will be completed in May 2000.

The contractor is responsible to Wells LLC VA for the acts or omissions of its subcontractors and suppliers of materials and of persons either directly or indirectly employed by them. The contractor

agreed to indemnify Wells LLC VA 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 action 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 ABB Richmond project, adequate insurance coverage relating to the ABB Richmond 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 ABB Richmond 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. The performance of the contractor is secured by a $1,000,000 letter of credit. In addition, performance by the contractor of the construction contract has been personally guaranteed by David Kraxberger, a principal of the developer.

Architect's Agreement. Smallwood, Reynolds, Stewart, Stewart & Associates, Inc. is the architect for the ABB Richmond project pursuant to the architect's agreement dated May 18, 1999 entered into with Wells LLC VA. The architect, which was founded in 1979, is based in Atlanta, Georgia, has a staff of over 200 persons, and specializes in programming, planning, architecture, interior design, landscape architecture and construction administration. The architect has its principal office in Atlanta, Georgia and additional offices in Tampa, Florida and Singapore, Malaysia. The architect has designed a wide variety of projects, with a total construction cost in excess of $2 billion, including facilities for corporate office space, educational and athletic facilities, retail space, manufacturing, warehouse and distribution facilities, hotels and resorts, correctional institutions, and luxury residential units. The architect has performed architectural services with respect to various projects for affiliates of the Wells REIT and is currently performing such services for the Matsushita project. The architect is not affiliated with the Wells REIT 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 bidding or negotiation 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 ABB Richmond project components. The architect will be paid $35,190 for these services.

The total amount of fees payable to the architect under the architect's agreement is $234,600. Payments are being paid to the architect on a monthly basis in proportion to the services performed within each phase of service. In addition, the architect and its employees and consultants are reimbursed for expenses including, but not limited to, transportation in connection with the ABB Richmond project, living expenses in connection with out-of-town travel, long distance communications and fees paid for securing approval of authorities having jurisdiction over the ABB Richmond project. It is estimated that the total reimbursable expenses in connection with the development of the ABB Richmond project will be approximately $25,000.

ABB Richmond Lease. Wells LLC VA entered into an office lease pursuant to which ABB Power agreed to lease 100% of the 99,057 rentable square feet of the ABB Richmond project.

ABB Power is a subsidiary of Asea Brown Boveri, Inc., a large multi-

national engineering and construction company headquartered in Switzerland. ABB Power reported net income for the fiscal year

ended December 31, 1998 of over $1.3 billion on gross revenues of over $30.9 billion and a net worth of over $6.0 billion.

The initial term of the ABB Richmond lease will be seven years to commence on the later of April 1, 2000 or the earlier of (1) the date which is ten days after "Substantial Completion" (as defined in Exhibit D of the lease) or the date ABB Power commences business in the premises. ABB 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 date of the then-current lease term.

The ABB Richmond lease is credit enhanced by a letter of credit in the amount of $4 million issued by Unibank, a large Danish bank with offices in New York, for the account of Asea Brown Boveri, Inc., the parent company.

The base rent payable under the ABB Richmond lease will be as follows:

Lease Year	Yearly Base Rent	Monthly Base Rent
1	$1,183,731	$ 98,644.26
2	$1,213,324	$101,110.37
3	$1,243,657	$103,638.08
4	$1,274,748	$106,229.04
5	$1,306,618	$108,884.80
6	$1,339,283	$111,606.90
7	$1,372,765	$114,397.11

The monthly base rent is based upon a projected total cost for the ABB Richmond project of $11,036,139. If the total project cost, as provided in the work letter attached as an exhibit to the ABB Richmond lease, is more or less than $11,036,139, then the monthly base rent shall be adjusted upward or downward, as the case may be, by 10.54% of the difference.

The monthly base rent payable for each extended term of the ABB Richmond 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.

ABB Power has a one-time option to terminate the ABB 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 ABB Power elects to exercise this termination option, ABB 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. ABB 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 ABB Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

In the event that ABB Power exercises its termination option as of the third anniversary of the rental commencement date, ABB Power has a one-time option to terminate the ABB 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 ABB Power elects to exercise this termination option, ABB 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. ABB 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 ABB Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

In the event that ABB Power does not exercise its termination option as of the third anniversary of the rental commencement date, ABB Power has a one-time option to terminate the ABB Richmond 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 ABB Power elects to exercise this termination option, ABB 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. ABB 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 ABB Power may pay a penalty, as stipulated in the lease, to provide less than seven months notice.

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 XI-XII-REIT Joint Venture obtained an environmental report prepared by Dames & Moore evidencing that the environmental condition of the land and the Johnson Matthey Building was satisfactory. Although the soil does contain some traces of environmental groundwater contaminants approximately 60 feet below the surface, Dames & Moore, in a letter addressed to Wells Capital, Inc. dated August 13, 1999, did not recommend any further environmental investigation for the site. At the closing, the seller assigned its rights to a $2,000,000 insurance policy to the XI-XII-REIT Joint Venture relating to potential losses from environmental contamination. Management of the Wells REIT is satisfied that the environmental condition of the site is satisfactory and believes that the rights assigned under this insurance policy protect us from potential liability exposure resulting from environmental contamination.

The entire 130,000 rentable square feet of the Johnson Matthey Building is currently leased to Johnson Matthey, Inc. (Johnson Matthey). The current lease term expires in June 2007. Johnson Matthey has the right to extend the lease for two additional three year periods of time.

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 base rent payable under the Johnson Matthey lease for the remainder of the lease term is as follows:

Lease Year	Yearly Rent	Monthly Rent
3	$789,750	$65,812.50
4	$809,250	$67,437.50
5	$828,750	$69,062.50
6	$854,750	$71,229.17
7	$874,250	$72,854.17
8	$897,000	$74,750.00
9	$916,500	$76,375.00
10	$939,250	$78,270.84

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 Videojet Building

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

The $33,158,865 required to close the Videojet acquisition consisted of $26,158,865 in cash funded from a capital contribution by the Wells REIT and $7,000,000 in loan proceeds obtained from SouthTrust Bank, N.A. pursuant to the revolving credit facility originally extended to Wells OP in connection with the acquisition of the PWC Building.

The site is a 15.3 acre tract of land that 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.

Wood Dale is a small suburb with a population of greater than 12,000 located northwest of the City of Chicago and directly west of O'Hare International Airport. Since the City of Chicago is bordered on the East by Lake Michigan, some have described Wood Dale as the true center of Chicago. Wood Dale has a long-term positive outlook due to its superior location.

The entire 250,354 rentable square feet of the Videojet Building is currently under a net lease agreement with Videojet Systems International, Inc. (Videojet). The initial term of the Videojet lease is twenty years which commenced in November 1991 and expires in November 2011. Videojet has the right to extend the Videojet lease for one additional five year period of time.

Videojet is the world's leading producer of state-of-the-art industrial ink jet marking and coding products. Videojet manufactures and distributes industrial ink jet printers, digital imaging systems, laser coding systems, inks and fluids to customers worldwide. The Videojet lease is guaranteed by GEC Incorporated, a Delaware corporation which is a wholly-owned subsidiary of 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 base rent payable for the remainder of the lease term is as follows:

Lease Year	Yearly Base Rent	Monthly Base Rent
2000-2001	$2,838,952	$236,579.33
2002-2011	$3,376,746	$281,395.50
Extension Term	$4,667,439	$388,953.25

The Gartner Building

The Gartner Building is a two story office building containing approximately 62,400 rentable square feet located in Fort Myers, Lee County, 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 in Fort Myers, Florida. 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 recent growth of the Fort Myers area is primarily due to the opening of Interstate 75 in the eastern portion of the metro area and the relatively new Southwest Florida Regional Airport, which is located just south of Gateway and

is easily accessible by a two lane road. Another major expansion to the local economy is the new Florida Gulf Coast University, which is part of the State of Florida University system. The enrollment at this university is expected to increase to between 10,000 and 15,000 in the next few years.

The entire 62,400 rentable square feet of the Gartner Building is currently leased to Gartner. 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 Gartner Building will be occupied by Gartner's Financial Services Division. Gartner, which was founded in 1979, is the world's leading independent provider 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. Gartner, which is headquartered in Stamford, Connecticut, had net income of over $98 million and a net worth of over $530 million for its fiscal year ended September 30, 1998.

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

Lease Year	Yearly Base Rent	Monthly Base Rent
2/1999-1/2000	$642,798	$53,566.50
2/2000-1/2001	$790,642	$65,886.83
2/2001-1/2002	$810,408	$67,534.00
2/2002-1/2003	$830,668	$69,222.35
2/2003-1/2004	$851,435	$70,952.89
2/2004-1/2005	$872,721	$72,726.74
2/2005-1/2006	$894,539	$74,544.92
2/2006-1/2007	$916,902	$76,408.54
2/2007-1/2008	$939,825	$78,318.71

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" expansion option allows Gartner the ability to expand into a separate, free standing facility on the property containing between 30,000 and 32,000 rentable square feet to be constructed by the XI-XII-REIT Joint Venture. Gartner may exercise its expansion right for the Small Option Building by providing notice in writing to the joint venture on or before February 15, 2002. In the event that Gartner exercises its 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 "Large Option Building" expansion option allows Gartner the ability to expand into a separate, free standing facility on the property containing between 60,000 and 75,000 rentable square feet to be constructed by the XI-XII-REIT Joint Venture. Gartner may exercise its expansion right for the Small Option Building by providing notice in writing to the joint venture on or

before February 15, 2002. In the event that Gartner exercises its 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.

Property Management Fees

Wells Management has been retained to manage and lease the Fairchild Building, the Cort Furniture Building, the Associates Building, the PWC Building, the Vanguard Cellular Building, the EYBL CarTex Building, the Sprint Building, the Johnson Matthey Building, the Videojet Building and the Gartner Building. Wells Management will also be retained to manage and lease the Matsushita

project and the ABB Richmond project upon completion of such projects. Wells Management shall receive 4.5% of gross revenues of each of these buildings for property management and leasing services.

Wells Management has also been retained to manage and lease all of the properties currently owned by the IX-X-XI-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 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. Since Wells Fund IX and Wells Fund X hold an aggregate 87.4% ownership percentage interest in the IX-X-XI-REIT Joint Venture, while Wells Fund XI and the Wells REIT hold an aggregate 12.6% ownership percentage interest in the IX-X-XI-REIT Joint Venture, 87.4% of the gross revenues of the IX-X-XI-REIT Joint Venture are subject to a 6% property management and leasing fee, while 12.6% of the gross revenues of the IX-X-XI-REIT Joint Venture are subject to a 4.5% property management and leasing fee.

Wells Management received a one-time initial lease-up fee equal to the first month's rent for the leasing of the ABB Knoxville Building and the Lucent Building. In addition, Wells Management will receive a one-time initial lease-up fee equal to the first month's rent for the leasing of the Matsushita project and the ABB Richmond project.

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. As of December 31, 1998, we had raised $31,541,360 in offering proceeds through the sale of 3,154,136 shares, which

includes the 5,122 shares we issued pursuant to our dividend reinvestment plan. After we paid $5,046,458 in acquisition and advisory fees and acquisition expenses, selling commissions and organizational and offering expenses, and $18,442,540 in capital contributions to Wells OP for investment in joint ventures and acquisitions of real properties, as of December 31, 1998, we were holding net offering proceeds of approximately $8,052,362 available for investment in additional properties.

Between December 31, 1998 and September 30, 1999, we raised an additional $76,927,944 in offering proceeds through the sale of 7,692,795 shares and invested an additional $71,477,174 in real properties. Accordingly, as of September 30, 1999, we had raised a total of $108,469,304 in offering proceeds through the sale of 10,846,930 shares. After we paid a total of $17,354,929 in acquisition and advisory fees and acquisition expenses, selling commissions and organizational and offering expenses, and a total of $89,919,734 in capital contributions to Wells OP for investment in joint ventures and acquisitions of real properties, as of September 30, 1999, we were holding net offering proceeds of approximately $1,194,641 available for investment in additional properties.

Cash and cash equivalents at September 30, 1999 and 1998 were $2,850,263 and $591,122, respectively. The increase in cash and cash equivalents resulted primarily from raising additional capital in our initial public offering. We intend to use cash and cash equivalents to purchase additional properties, to pay dividends and to pay offering costs.

Our capital needs and resources are expected to undergo changes as a result of the completion of our initial public offering of shares, the commencement of the follow-on offering and the future acquisition of properties. Operating cash flow is expected to increase as additional properties are added to our portfolio. Dividends to be distributed to our shareholders are determined by our board of directors and are dependent on a number of factors, including our funds available for payment of dividends, our financial condition, our capital expenditure requirements and our annual distribution requirements in order to maintain our REIT status under the Internal Revenue Code.

As of September 30, 1999, we had acquired interests in 16 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 1999 totaled $0.175 per share, which were calculated using daily declaration and record dates in the amount of $0.001902 per share to the shareholders of record at the close of business on each day during the third quarter of 1999, commencing on July 1, 1999, and continuing on each day thereafter through and including September 30, 1999. Similarly, our board of directors has declared dividends for the fourth quarter of 1999, also totalling $0.175 per share, to be calculated using daily declaration and record dates in the amount of $0.001902 per share to shareholders of record at the close of business on each day during the fourth quarter of 1999, commencing on October 1, 1999, and continuing on each day thereafter through and including December 31, 1999.

On February 18, 1999, Wells OP entered into a Rental Income Guaranty Agreement with the Fund VIII-IX Joint Venture, whereby Wells OP guaranteed the Fund VIII-IX Joint Venture that the joint venture would receive rental income on its existing building previously leased to Matsushita Avionics at least equal to the rental and building expenses that the Fund VIII-IX Joint Venture would have received over the remaining term of its lease with Matsushita Avionics. Matsushita Avionics will vacate the existing building in December 1999, with the existing term ending in September 2003. Currently rental and building expenses are approximately $90,000 per month. (See "Description of Properties -- The Matsushita Property.")

Our maximum exposure to liability to the Fund VIII-IX Joint Venture for rental income and building expenses potentially payable under this Rental Income Guaranty Agreement was taken into account in the economic analysis performed in

making the determination to go forward with the development of the Matsushita project. Management of the Wells REIT anticipates that our actual liability will be less than our maximum exposure; however, management cannot, at this time, determine the amount of our actual liability under the Rental Income Guaranty Agreement. Any payment made to the Fund VIII-IX Joint Venture for rental and building expenses will be made from the operating cash flow of the Wells REIT and will reduce the amount of cash available for payment of dividends.

Cash Flows From Operating Activities

Net cash provided by operating activities was $2,273,102 for the nine months ended September 30, 1999, as compared to $20,007 for the four-month period ended September 30, 1998. The increase in net cash provided by operating activities was due primarily to the purchase of additional properties in 1999 and a full nine months of operations for the properties acquired during 1998.

Cash Flows From Investing Activities

The increase in net cash used in investing activities from $9,959,917 for the four months ended September 30, 1998 to $75,420,671 for the nine months ended September 30, 1999 was due primarily to the raising of additional capital through the sale of our shares and investing such capital in acquisitions of real property.

Cash Flows From Financing Activities

The increase in net cash provided by financing activities from $10,330,032 for the four months ended September 30, 1998 to $68,018,429 for the nine months ended September 30, 1999 was also due primarily to the raising of additional capital. We raised $76,927,944 in offering proceeds for the nine months ended September 30, 1999, as compared to $11,691,923 for the four months ended September 30, 1998. In addition, during the nine months ended September 30, 1999, we received loan proceeds from various financing transactions of $25,598,666 and repaid a total of $22,732,539 of our company debt.

Results of Operations

As of September 30, 1999, the properties owned by the Wells REIT were 99.99% occupied. Gross revenues for the four months ended September 30, 1998 and for the nine months ended September 30, 1999 were $84,209 and $3,996,290, respectively. This increase was due to the purchase of interests in additional properties during 1998 and 1999 and a full nine months of operations of the properties acquired during 1998. The purchase of interests in additional properties also resulted in an increase in rental income, operating expenses and depreciation expenses.

During the offering period, interest income is likely to be higher since we will invest funds in short-term investments while we are evaluating potential real estate acquisitions. Interest income will eventually decrease and will not be a significant component of revenues after the net offering proceeds are fully invested in real properties.

We have invested significant funds in the Matsushita project and the ABB Richmond project which are under construction. During the construction period, we will not receive any rental income from these properties, nor will we receive interest income on the amounts we must pay to the developer as construction progresses. Therefore, if the number of construction projects represents a significant percentage of our investments during our initial acquisitions stages, net income will be adversely affected on a short-term basis. However, we believe that the return on investment on our construction projects will produce long-term returns that are in excess of returns on existing buildings.

Recent Accounting Pronouncements

Effective April 3, 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." SOP 98-5 is effective for fiscal years beginning after December 15, 1998, and initial application is required to be reported as a cumulative effect of change in accounting principle. This SOP provides guidance on the financial reporting of start-

up costs and organization costs. It requires costs of start-up activities and organization costs to be expensed as incurred. Adoption of this Statement by the Wells REIT in the first quarter of 1999 may result in the write-off of certain capitalized organization costs. Adoption of this Statement is not expected to have a material impact on our results of operations and financial condition.

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.

Year 2000 Compliance

We began a full assessment of year 2000 compliance issues on our information systems and business operations in late 1997, and we completed the assessment during the first quarter of 1999. Renovations and replacements of equipment have been and are being made as warranted. We have not incurred any material costs so far for such renovations and replacements. Testing of our systems has been completed.

As to the status of our information technology systems, we presently believe that all major systems and software packages are year 2000 compliant. We have purchased the upgrade for the accounting and property management package system and it was installed at the end of the first quarter of 1999. At the present time, we believe that all major non-information technology systems are year 2000 compliant. We have not incurred any material costs to upgrade our non-compliant systems.

We confirmed the year 2000 readiness of our vendors, including third-party service providers such as banks. Based on the information we received, the primary third-party service providers with which we have relationships are year 2000 compliant.

We rely on computers and operating systems provided by equipment manufacturers, and also on application software designed for use with our accounting, property management and investment portfolio tracking. We have preliminarily determined that any costs, problems or uncertainties associated with the potential consequences of year 2000 issues are not expected to have a material impact on our future operations or financial condition. We will perform due diligence as to the year 2000 readiness of each property we own and each property we contemplate for purchase.

Our reliance on embedded computed systems (i.e., microcontrollers) is limited to facilities related matters, such as office security systems and environmental control systems.

Contingency plans have been developed to operate the business in the unlikely circumstance that the computer and phone systems are rendered inoperable. Offsite facilities and alternative procedures to communicate with key third party vendors have been identified for use should existing facilities

not function properly. A written contingency plan has been disseminated to each staff member of our advisor.

We believe that our risk of year 2000 problems is minimal. In the unlikely event there is a problem, the worst case scenarios would include the risks that the elevator or security systems within our properties would fail or the key third-party vendors upon which we rely would be unable to provide accurate investor information. In the event that the elevator shuts down, we have devised a plan for each

building whereby the tenants will use the stairs until the elevators are fixed. In the event that the security system shuts down, we have devised a plan for each building to hire temporary on-site security guards. In the event that a third-party vendor has year 2000 problems relating to investor information, we intend to perform a full system back-up of all investor information as of December 31, 1999 so that we will have accurate hard-copy investor information.

Prior Performance Summary

The information presented in this section represents the historical experience of real estate programs managed by the advisor and its affiliates. Investors in the Wells REIT should not assume that they will experience returns, if any, comparable to those experienced by investors in such prior real estate programs.

Leo F. Wells, III has served as a general partner of a total of 13 publicly offered real estate limited partnerships, 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)
12. Wells Real Estate Fund XI, L.P. (1998).

In addition to the foregoing real estate limited partnerships, the advisor and its affiliates sponsored the initial public offering of 14,400,000 shares of Common Stock of the Wells REIT. The initial public offering began on January 30, 1998 and was terminated on December 20, 1999. As of December 15, 1999, we had received gross proceeds of approximately $131,500,000 from the sale of approximately 13,150,000 shares from our initial public offering.

The advisor 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 October 1, 1999, Wells Fund XII had raised $7,044,956 from 710 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, to date, none of the Wells programs have sold any of their properties.

In addition to the real estate programs sponsored by the advisor 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 October 1, 1999, the REIT Fund had raised $26,465,998 from 1,232 investors.

Publicly Offered Unspecified Real Estate Programs

The advisor 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 October 1, 1999, was approximately $292,000,000, and the total number of investors in such programs was approximately 27,100.

The investment objectives of each of the other Wells programs are substantially identical to the investment objectives of the Wells REIT. 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. For the fiscal year ended December 31, 1998, approximately 75% of the aggregate gross rental income of the 12 publicly offered programs listed above was derived from tenants which are U.S. corporations, each of which has net worth of at least $100,000,000 or whose lease obligations are guaranteed by another corporation with a net worth of at least $100,000,000.

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. None of the Wells programs has liquidated or sold any of its real properties to date and, accordingly, no assurance can be made that 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, 1998, was $252,097,627 of which $170,000 (or approximately .07%) had not yet been expended on the development of certain of the projects which are still under construction. Of the aggregate amount, approximately 73% was or will be spent on acquiring or developing office buildings, and approximately 27% was or will be spent on acquiring or developing shopping centers. Of the aggregate amount, approximately 6% was or will be spent on new properties, 49% on existing or used properties and 45% 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 and the 12 Wells programs listed above as of December 31, 1998:

Type of Property	New	Used	Construction
Office Buildings	6%	41%	26%
Shopping Centers	0%	9%	18%

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;

- two commercial office buildings 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 acquired its properties between 1985 and 1987, and has not yet liquidated or sold any of its properties.

Wells Fund II and Wells Fund II-OW terminated their offerings on September 7, 1988, and received aggregate gross proceeds of $36,870,250 representing subscriptions from 4,659 limited partners. $28,829,000 of the gross proceeds were attributable to sales of Class A Units, and $8,041,250 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund II and Wells Fund II-OW have no right to change the status of their units from Class A to Class B or vice versa. Wells Fund II and Wells Fund II-OW own all of their properties through a joint venture, which owns interests in the following properties:

- 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, a substantial portion of which is leased to Georgia Baptist Hospital.

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, 1998, $15,590,210 of units of Wells Fund V were treated as Class A Units, and $1,415,810 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 substantial portion of which is leased to Georgia Baptist Hospital;

- 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 V experienced an operating loss of $18,089 in 1992 (at which time it only owned interests in the Jacksonville, Florida property which was under construction and the first office building in

Stockbridge, Georgia which was under construction), recognized net income of $354,999 in 1993 (at which time it had also acquired an interest in the Hartford, Connecticut property and the second office building in Stockbridge, Georgia was under construction), recognized net income of $561,721 in 1994 (at which time it owned interests in all of the properties listed above for which it currently holds an ownership interest, with the exception that only one of the two restaurants had been developed on the tract of land in Stockbridge, Georgia), recognized net income of $689,639 in 1995, recognized net income of $505,650 in 1996 and recognized net income of $559,801 in 1997.

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, 1998, $21,877,575 of units of Wells Fund VI were treated as Class A Units, and $3,122,425 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 VI recognized net income of $31,428 in 1993 (at which time it only owned an interest in the Hartford, Connecticut property), recognized net income of $700,896 in 1994 (at which time it owned only interests in (1) the four story office building in Hartford, Connecticut; (2) the retail building and

an undeveloped tract of land in Stockbridge, Georgia; and (3) the three story office building in Appleton, Wisconsin), recognized net income of $901,828 in 1995 (at which time each of the following properties was under construction: (1) one of the retail buildings in Stockbridge, Georgia, (2) the combined retail and office development in Roswell, Georgia, (3) the office building in Jacksonville, Florida, and (4) the shopping center in Clemmons, North Carolina), recognized net income of $589,053 in 1996, recognized net income of $795,654 in 1997 and recognized net income of $855,788 in 1998.

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, 1998, $20,095,174 of units in Wells Fund VII were treated as Class A Units, and $4,085,000 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.

Wells Fund VII recognized net income of $203,263 in 1994 (at which time it only owned an interest in the three story office building in Appleton, Wisconsin and an undeveloped tract of land in Stockbridge, Georgia), recognized net income of $804,043 in 1995 (at which time it only owned interests in the office building in Appleton, Wisconsin, the developments in Stockbridge, Georgia, the office building in Alachua County, Florida, the office building in Jacksonville, Florida, the tract of land in Clemmons, North Carolina, which was under construction, and the retail building in Stockbridge, Georgia, which was under construction), recognized net income of $452,776 in 1996, recognized net income of $733,149 in 1997 and recognized net income of $754,334 in 1998.

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, 1998, $26,745,845 of units in Wells Fund VIII were treated as Class A Units, and

$5,286,844 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; and

- a two story office building in Boulder County, Colorado leased to Cirrus Logic, Inc.

Wells Fund VIII recognized net income of $273,914 in 1995 (at which time it only owned interests in the office building in Alachua County, Florida, the office building in Jacksonville, Florida, which was under construction, and the tract of land in Clemmons, North Carolina, which was under construction), recognized net income of $936,590 in 1996, recognized net income of $1,102,567 in 1997 and recognized net income of $1,269,171 in 1998.

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, 1998, $29,898,750 of units in Wells Fund IX were treated as Class A Units, and $5,101,250 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;

- 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 ABB Environmental Systems;

- 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 Lucent Technologies, Inc.

Wells Fund IX recognized net income of $298,756 in 1996, recognized net income of $1,091,766 in 1997 and recognized net income of $1,449,955 in 1998.

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, 1998, $21,258,042 of units in Wells Fund X were treated as Class A Units and $5,870,870 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 ABB Environmental Systems;
- 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 Lucent Technologies, 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.

Wells Fund X recognized net income of $278,025 in 1997 and recognized net income of $1,050,329 in 1998.

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. Wells Fund XI owns interests in the following properties:

- a three story office building in Knox County, Tennessee leased to ABB Environmental Systems;
- a one story office building in Oklahoma City, Oklahoma leased to Lucent Technologies, 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.

Wells Fund XI recognized net income of $143,295 in 1998.

Wells Fund XII began its offering on March 22, 1999. As of October 1, 1999, Wells Fund XII had received gross proceeds of $7,044,956 representing subscriptions from 710 limited partners. $5,515,572 of the gross proceeds were attributable to sales of cash preferred units and $1,529,384 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.; and

- a two story office building in Fort Myers, Florida leased to Gartner Group, Inc.

The information set forth above should not be considered indicative of results to be expected from the partnership.

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 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 adviser 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, commencing with our taxable year ended December 31, 1998, it is more likely than not that we qualified to be taxed as a REIT under the Internal Revenue Code, 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 (the "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 met:

  - 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 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 distributions, other than capital gain distributions, to our shareholders. The amount of these distributions must be equal to at least 95% of our REIT taxable income (computed without regard to the distributions-paid deduction and our capital gain and subject to certain other potential adjustments).

We must generally pay distributions in the taxable year to which they relate. Alternatively, however, distributions may be made 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 distribution payment after the declaration.

Even if we satisfy the foregoing 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 amounts 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 challenge successfully our characterization of a transaction or determination of our REIT taxable income, we could be found not to have satisfied a requirement for qualification as a REIT and mitigation provisions might not apply. (See "Sale-Leaseback Transactions.") If, as a result of a challenge, we are determined not to have satisfied 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 distributions 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 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. It is expected 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 some distributions that would

otherwise result in a tax-free return of capital as taxable.

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," 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.

If we are deemed to be "predominately held" by qualified employee pension benefit trusts that each hold more than 10% (by 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 such 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 is exceeded, any such qualified employee pension benefit trust holding more than 10% in value of our shares will generally 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 "unrelated business taxable income" if we were a qualified trust, rather than a REIT. We will attempt to monitor the concentration of ownership of such 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 unrelated business taxable income.

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 unrelated business taxable income 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, we generally will 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 of ours 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, our operating partnership, our operating subsidiaries and the holders of our shares in local jurisdictions may differ from the federal income tax treatment described above.

Tax Aspects of the 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% gross 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 (i.e., a partnership, grantor trust, or S corporation) that owns an interest in the partnership is treated as a partner in such partnership only if (a) substantially all of the value of the owner's interest in the flow-through 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. (See "Federal Income Tax Considerations -- Requirements for Qualification as a REIT -- Operational Requirements- Annual Distribution Requirement.") 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 legislative, regulatory or administrative changes or court decisions may not be forthcoming which would significantly modify the statements expressed herein. Any 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 unrelated business taxable income 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 (29 C.F.R. Section 2510.3-101, the Regulation). Under the 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 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 Regulation is satisfied, as determined below.

Specifically, the 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 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. Any shares purchased, therefore, should satisfy the first criterion of the publicly-offered security exemption.

We have over 100 independent shareholders. Thus, the 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 to be 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 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 management 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 percent 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 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 Regulation, a prohibited transaction could occur if the Wells REIT, the advisor, any selected dealer, the escrow agent 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 90,000,000 shares of capital stock. Of the total shares authorized, 40,000,000 shares are designated as common stock with a par value of $.01 per share, 5,000,000 shares are designated as preferred stock with a par value of $.01 per share and 45,000,000 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 15, 1999, approximately 13,150,000 shares of our common stock 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.

Soliciting Dealer Warrants

We have agreed to issue and sell to the Dealer Manager warrants to purchase up to 800,000 shares of our common stock at a price of $0.0008 per warrant. 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 shares to be issued upon exercise of these warrants are being registered as part of this offering.

Each participating broker-dealer will receive from the Dealer Manager one soliciting dealer warrant for every 25 shares sold by such participating broker-dealer during this offering. All shares sold by the Wells REIT other than through the dividend reinvestment plan will be included in the computation of the number of shares sold to determine the number of soliciting dealer warrants to be issued.

The holder of a soliciting dealer warrant will be entitled to purchase one share of our common stock at a price of $12 per share (120% of the offering price) during the time period beginning one year from the effective date of this offering and ending five years after the effective date of this offering.

A soliciting dealer warrant may not be exercised unless the shares to be issued upon exercise have been registered or are exempt from registration in the state of residence of the holder of the warrant and any prospectus required under the laws of such state has been delivered to the buyer on behalf of the Wells REIT. In addition, holders of soliciting dealer warrants may not exercise them to the extent such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

The terms of the soliciting dealer warrants, including exercise price and the number and type of securities issuable upon exercise of these warrants, may be adjusted in the event of stock dividends, stock splits or a merger, consolidation, reclassification, reorganization, recapitalization or sale of our assets. Soliciting dealer warrants are not transferable or assignable except by the Dealer Manager, the participating broker-dealers, or their successors in interest, or to individuals who are officers of such participating broker-dealers. 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.

Holders of soliciting dealer warrants do not have the rights of stockholders and, therefore, may not vote on matters and are not entitled to receive dividends until such time as the warrants are exercised.

Meetings and Special Voting Requirements

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 10% of the shareholders. 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 voted 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 shareholders 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 a 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 such transfer is approved by the board of directors based upon information that such transfer would not violate the provisions of the Internal Revenue Code thereby adversely affecting our status 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 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 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% 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 until all of the 2,200,000 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.

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 to the Wells REIT of $10 per share. The board of directors reserves the right to reject any request for redemption and to amend or change the purchase price in its sole discretion at any time and from time to time as it deems appropriate.

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 one-half of one percent (0.5%) 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, at its sole discretion, may choose to terminate the share redemption program or 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--General 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 (the "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 send a letter to you informing you of the changes and 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.

In 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 us 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 acquiror, 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 in 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 October 1, 1999, 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 20,000,000 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 2,200,000 shares for sale pursuant to our dividend reinvestment plan at a price of $10 per share. An additional 800,000 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 23,000,000 shares are being registered in this offering.

Except as provided below, the Dealer Manager will receive selling commissions of 7% 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 participating broker-dealers one soliciting dealer warrant for every 25 shares they sell during the offering period. 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.

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% 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-dealer as marketing fees and as reimbursement of due diligence expenses, based on such factors as the number of shares sold by such participating broker-dealer, the assistance of such participating broker-dealer 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 "Bank of America, N.A., as Escrow Agent." 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 escrow account will 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 escrow account. We will withdraw funds from the escrow 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, 2001. 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 25,000 or more shares ($250,000) to a "purchaser" as defined below, investors may agree with their registered representatives to reduce the amount of selling commissions payable to participating broker-dealers. Such reduction will be credited to the purchaser by reducing the total purchase price payable by such purchaser. The following table illustrates the various discount levels:

Dollar Volume of Shares Purchased	Sales Commissions		Net Purchase Price	Net Proceeds
	Percent	Per Share	Per Share	Per Share
Under $250,000	7.0%	$0.7000	$10.000	$9.30
$250,000-$649,999	6.0%	$0.5936	$9.8936	$9.30
$650,000-$999,999	3.0%	$0.2876	$9.5876	$9.30
$1,000,000-$1,999,999	1.0%	$0.0939	$9.3939	$9.30
$2,000,000 and Over	0.5%	$0.0467	$9.3467	$9.30

For example, if an investor purchases 100,000 shares, he could pay as little as $939,390 rather than $1,000,000 for the shares in which event the commission on the sale of such shares would be $9,390 ($0.0939 per share), and we would receive net proceeds of $930,000 ($9.30 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 the advisor and the Dealer Manager to have the acquisition and advisory fees payable to the advisor with respect to the sale of such shares reduced to 0.5%, 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 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 listing of the shares occurs or is reasonably anticipated to occur at any time prior to the satisfaction of our remaining commission obligations, the remaining commissions due under the deferred commission option may be accelerated by the Wells REIT. In such event, we shall provide notice of such acceleration to shareholders who have elected the deferred commission option. 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; provided that, in no event may the Wells REIT withhold in excess of $0.60 per share in the aggregate. 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.

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 the Wells REIT. Counsel has represented the advisor, as well as affiliates of the advisor, in other matters and may continue to do so in the future. (See "Conflicts of Interest.")

Experts

Audited Financial Statements

The financial statements of the Wells REIT as of December 31, 1998 and 1997, and for each of the years in the two year period ended December 31, 1998, 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 financial statements of Fund IX and X Associates as of December 31, 1997 and for the period from inception (March 20, 1997) to December 31, 1997, 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 Iomega Building for the year ended December 31, 1997; the Cort Furniture Building for the year ended December 31, 1997; the Fairchild Building for the year ended December 31, 1997; the Vanguard Cellular Building for the period from inception (November 16, 1998) to December 31, 1998; the EYBL CarTex Building for the year ended December 31, 1998; the Sprint Building for the year ended December 31, 1998; the Johnson Matthey Building for the year ended December 31, 1998; the Videojet Building for the year ended December 31, 1998; and the Gartner Building for the year ended December 31, 1998 , which are 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 interim financial statements of the Wells REIT as of September 30, 1999 and for the nine month periods ended September 30, 1999 and 1998, which are included in this prospectus, have not been audited.

The interim financial statements of Fund IX and X Associates as of March 31, 1998 and for the three months ended March 31, 1998, which are included in this prospectus, have not been audited.

The Statements of Revenues over Certain Operating Expenses of the Lucent Building for the three months ended March 31, 1998; the Iomega Building for the six months ended June 30, 1998; the Cort Furniture Building for the six months ended June 30, 1998; the Fairchild Building for the six months ended June 30, 1998; the EYBL CarTex Building for the three months ended March 31, 1999; the Sprint Building for the three months ended March 31, 1999; the Johnson Matthey Building for the six months ended June 30, 1999; the Videojet Building for the six months ended June 30, 1999; and the Gartner Building for the six months ended June 30, 1999, which are included in this prospectus, have not been audited.

The pro forma financial information for Wells Real Estate Investment Trust, Inc. for the year ended December 31, 1998 and for the nine months ended September 30, 1999, 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.

INDEX TO FINANCIAL STATEMENTS

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, 1998 and 1997 and the related consolidated statements of income, shareholders' equity, and cash flows for the year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 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, 1998 and 1997 and the results of their operations and their cash flows for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 27, 1999

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1998 AND 1997

ASSETS

	1998	1997
REAL ESTATE ASSETS, at cost:		
Land	$ 1,520,834	$ 0
Building	20,076,845	0
Total real estate assets	21,597,679	0

INVESTMENT IN JOINT VENTURES	11,568,677	0
CASH AND CASH EQUIVALENTS	7,979,403	201,000
DEFERRED OFFERING COSTS	548,729	289,073
DEFERRED PROJECT COSTS	335,421	0
DUE FROM AFFILIATES	262,345	0
PREPAID EXPENSES AND OTHER ASSETS	540,319	0
Total assets	$42,832,573	$490,073
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable and accrued expenses	$ 187,827	$ 0
Note payable	14,059,930	0
Shareholder distributions payable	408,176	0
Due to affiliate	554,953	289,073
Total liabilities	15,210,886	289,073
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	200,000
SHAREHOLDERS' EQUITY:		
Common shares, $.01 par value; 16,500,000 shares authorized, 3,154,136 and 100 shares issued and outstanding, respectively	31,541	1
Additional paid-in capital	27,056,112	999
Retained earnings	334,034	0
Total shareholders' equity	27,421,687	1,000
Total liabilities and shareholders' equity	$42,832,573	$490,073

The accompanying notes are an integral part of these consolidated balance sheets.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1998

REVENUES:	
Rental income	$ 20,994
Equity in income of joint ventures	263,315
Interest income	110,869
	395,178
EXPENSES:	
Operating costs, net of reimbursements	11,033
General and administrative	29,943
Legal and accounting	19,552
Computer costs	616
	61,144
NET INCOME	$334,034
EARNINGS PER SHARE:	
Basic and diluted	$ 0.40

The accompanying notes are an integral part of this consolidated statement.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 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
Distributions	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

The accompanying notes are an integral part of this consolidated statement.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 334,034
Adjustments to reconcile net income to net cash used in operating activities:	
Equity in income of joint ventures	(263,315)
Changes in assets and liabilities:	
Prepaid expenses and other assets	(540,319)
Accounts payable and accrued expenses	187,827
Due to affiliates	6,224
Total adjustments	(609,583)
Net cash used in operating activities	(275,549)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment in real estate	(21,299,071)
Investment in joint ventures	(11,276,007)
Deferred project costs paid	(1,103,913)
Distributions received from joint ventures	178,184
Net cash used in investing activities	(33,500,807)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from note payable	14,059,930
Distributions	(102,987)
Issuance of common stock	31,540,360
Sales commission paid	(2,996,334)
Offering costs paid	(946,210)
Net cash provided by financing activities	41,554,759
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,778,403
CASH AND CASH EQUIVALENTS, beginning of year	201,000
CASH AND CASH EQUIVALENTS, end of year	$ 7,979,403
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES:	

Deferred project costs applied to real estate assets	$ 298,608
Deferred project costs contributed to joint ventures	$ 469,884

The accompanying notes are an integral part of this consolidated statement.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

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 15,000,000 (exclusive of 1,500,000 shares available pursuant to the Company's dividend reinvestment plan) shares of common stock, $.01 par value per share, at a price of $10 per share. During 1997, the Company sold 100 shares to Wells Capital, Inc. (the "Advisor") at the proposed initial public offering price of $10 per share. The Company will seek to acquire and operate commercial properties, including, but not limited to, office buildings, shopping centers, business and industrial parks, and other commercial and industrial properties, including properties which are under construction, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed, and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection with this, the Company may enter into joint ventures for the acquisition of properties with prior or future real estate limited partnership programs sponsored by the Advisor or its affiliates.

Substantially all of the Company's business 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 Company 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 two properties through joint ventures between the Operating Partnership and a joint venture between Wells Fund X

and Wells Fund XI, referred to as "Fund X and XI Associates." In addition, the Operating Partnership directly owns an office building in Tampa, Florida.

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 Operating Partnership through investments in joint ventures 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.

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.

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, 1998.

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

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.

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.

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.

Cash and Cash Equivalents

For the purposes of the statement 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.

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, 1998 were $1,103,913 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, 1998 represent fees not yet applied to properties.

3. DEFERRED OFFERING COSTS

Organization and offering expenses, to the extent they exceed 3% of gross 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, 1998 and 1997, the Advisor had paid organization and offering expenses related to the Company of $946,211 and $0, respectively.

4. RELATED-PARTY TRANSACTIONS

Due from affiliates at December 31, 1998 represents the Operating Partnership's share of the cash to be distributed for the fourth quarter of 1998 as follows:

Fund IX, X, XI, and REIT Joint Venture	$ 38,360
Wells/Orange County Associates	77,123
Wells/Fremont Associates	146,862
	$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 $5,673 for the year ended December 31, 1998.

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, 1998 is summarized as follows:

	Amount	Percent
Fund IX, X, XI, and REIT Joint Venture	$ 1,443,378	4%
Wells/Orange County Associates	2,958,617	44
Wells/Fremont Associates	7,166,682	78
	$11,568,677	

The following is a roll forward of the Operating Partnership's investment in joint ventures for the year ended December 31, 1998:

Investment in joint ventures, beginning of year	$ 0
Equity in income of joint ventures	263,315
Contributions to joint ventures	11,745,890
Distributions from joint venture	(440,528)
Investment in joint ventures, end of year	$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, 1998 and 1997

Assets

	1998	1997
Real estate assets, at cost:		
Land	$ 6,454,213	$ 607,930
Building and improvements, less accumulated depreciation of $1,253,156 in 1998 and $36,863 in 1997	30,686,845	6,445,300
Construction in progress	990	35,622
Total real estate assets	37,142,048	7,088,852
Cash and cash equivalents	1,329,457	289,171
Accounts receivable	133,257	40,512
Prepaid expenses and other assets	441,128	329,310
Total assets	$39,045,890	$7,747,845

Liabilities and Partners' Capital

Liabilities:		
Accounts payable	$ 409,737	$ 379,770
Due to affiliates	4,406	2,479
Partnership distributions payable	1,000,127	0
Total liabilities	1,414,270	382,249
Partners' capital:		
Wells Real Estate Fund IX	14,960,100	3,702,793
Wells Real Estate Fund X	18,707,139	3,662,803
Wells Real Estate Fund XI	2,521,003	0
Wells Operating Partnership, L.P.	1,443,378	0
Total partners' capital	37,631,620	7,365,596
Total liabilities and partners' capital	$39,045,890	$7,747,845

(A Georgia Joint Venture)
Statements of Income (Loss)
for the Year Ended December 31, 1998 and
for the Period from Inception (March 20, 1997) to December 31, 1997

	1998	1997
Revenues:		
Rental income	$2,945,980	$ 28,512
Interest income	20,438	0
	2,966,418	28,512
Expenses:		
Depreciation	1,216,293	36,863
Management and leasing fees	226,643	1,711
Operating costs, net of reimbursements	(140,506)	10,118
Property administration	34,821	0
Legal and accounting	15,351	0
	1,352,602	48,692
Net income (loss)	$1,613,816	$(20,180)
Net income (loss) allocated to Wells Real Estate Fund IX	$ 692,116	$(10,145)
Net income (loss) allocated to Wells Real Estate Fund X	$ 787,481	$(10,035)
Net income allocated to Wells Real Estate Fund XI	$ 85,352	$ 0
Net income allocated to Wells Operating Partnership, L.P.	$ 48,867	$ 0

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Partners' Capital
for the Year Ended December 31, 1998 and
for the Period from Inception (March 20, 1997) to December 31, 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

The Fund IX, X, XI, and REIT Joint Venture
(A Georgia Joint Venture)
Statements of Cash Flows
for the Year Ended December 31, 1998 and
for the Period from Inception (March 20, 1997) to December 31, 1997

	1998	1997
Cash flows from operating activities:		
Net income (loss)	$ 1,613,816	$ (20,180)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,216,293	36,863

Changes in assets and liabilities:		
Accounts receivable	(92,745)	(40,512)
Prepaid expenses and other assets	(111,818)	(329,310)
Accounts payable	29,967	379,770
Due to affiliates	1,927	2,479
Total adjustments	1,043,624	49,290
Net cash provided by operating activities	2,657,440	29,110
Cash flows from investing activities:		
Investment in real estate	(24,788,070)	(5,715,847)
Cash flows from financing activities:		
Distributions to joint venture partners	(1,799,457)	0
Contributions received from partners	24,970,373	5,975,908
Net cash provided by financing activities	23,170,916	5,975,908
Net increase in cash and cash equivalents	1,040,286	289,171
Cash and cash equivalents, beginning of period	289,171	0
Cash and cash equivalents, end of year	$ 1,329,457	$ 289,171
Supplemental disclosure of noncash activities:		
Deferred project costs contributed	$ 1,470,780	$ 318,981
Contribution of real estate assets	$ 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 Sheet
December 31, 1998

Assets

Real estate assets, at cost:	
Land	$2,187,501
Building, less accumulated depreciation of $92,087	4,572,028
Total real estate assets	6,759,529
Cash and cash equivalents	180,895
Accounts receivable	13,123
Total assets	$6,953,547

Liabilities and Partners' Capital

Liabilities:	
Accounts payable	$ 1,550
Partnership distributions payable	176,614
Total liabilities	178,164
Partners' capital:	
Wells Operating Partnership, L.P.	2,958,617
Fund X and XI Associates	3,816,766
Total partners' capital	6,775,383
Total liabilities and partners' capital	$6,953,547

Wells/Orange County Associates
(A Georgia Joint Venture)
Statement of Income
for the Period From Inception (July 27, 1998)
to December 31, 1998

Revenues:	
Rental income	$331,477
Interest income	448
	331,925
Expenses:	
Depreciation	92,087
Management and leasing fees	12,734
Operating costs, net of reimbursements	2,288
Interest	29,472
Legal and accounting	3,930
	140,511
Net income	$191,414
Net income allocated to Wells Operating Partnership, L.P.	$ 91,978
Net income allocated to Fund X and XI Associates	$ 99,436

Wells/Orange County Associates
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Period From Inception (July 27, 1998)
to December 31, 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

Wells/Orange County Associates
(A Georgia Joint Venture)
Statement of Cash Flows
for the Period From Inception (July 27, 1998)
to December 31, 1998

Cash flows from operating activities:	
Net income	$ 191,414
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	92,087
Changes in assets and liabilities:	
Accounts receivable	(13,123)
Accounts payable	1,550
Total adjustments	80,514
Net cash provided by operating activities	271,928
Cash flows from investing activities:	
Investment in real estate	(6,563,700)
Cash flows from financing activities:	
Issuance of note payable	4,875,000
Payment of note payable	(4,875,000)
Distributions to partners	(93,763)
Contributions received from partners	6,566,430
Net cash provided by financing activities	6,472,667

Net increase in cash and cash equivalents	180,895
Cash and cash equivalents, beginning of period	0
Cash and cash equivalents, end of year	$ 180,895
Supplemental disclosure of noncash investing activities:	
Deferred project costs contributed	$ 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 Sheet
December 31, 1998

Assets

Real estate assets, at cost:	
Land	$2,219,251
Building, less accumulated depreciation of $142,720	6,995,439
Total real estate assets	9,214,690
Cash and cash equivalents	192,512
Accounts receivable	34,742
Total assets	$9,441,944

Liabilities and Partners' Capital

Liabilities:	
Accounts payable	$ 3,565
Due to affiliate	2,052
Partnership distributions payable	189,490
Total liabilities	195,107
Partners' capital:	
Wells Operating Partnership, L.P.	7,166,682
Fund X and XI Associates	2,080,155
Total partners' capital	9,246,837
Total liabilities and partners' capital	$9,441,944

Wells/Fremont Associates
(A Georgia Joint Venture)
Statement of Income
for the Period From Inception (July 15, 1998)
to December 31, 1998

Revenues:	
Rental income	$401,058
Interest income	3,896
	404,954
Expenses:	
Depreciation	142,720
Management and leasing fees	16,726
Operating costs, net of reimbursements	3,364
Interest	73,919
Legal and accounting	6,306
	243,035
Net income	$161,919
Net income allocated to Wells Operating Partnership, L.P.	$122,470
Net income allocated to Fund X and XI Associates	$ 39,449

Wells/Fremont Associates
(A Georgia Joint Venture)
Statement of Partners' Capital
for the Period From Inception (July 15, 1998)
to December 31, 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

Wells/Fremont Associates
(A Georgia Joint Venture)
Statement of Cash Flows
for the Period From Inception (July 15, 1998)
to December 31, 1998

Cash flows from operating activities:	
Net income	$ 161,919
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	142,720
Changes in assets and liabilities:	
Accounts receivable	(34,742)
Accounts payable	3,565
Due to affiliate	2,052
Total adjustments	113,595
Net cash provided by operating activities	275,514
Cash flows from investing activities:	
Investment in real estate	(8,983,111)
Cash flows from financing activities:	
Issuance of note payable	5,960,000
Payment of note payable	(5,960,000)
Distributions to partners	(83,001)
Contributions received from partners	8,983,110
Net cash provided by financing activities	8,900,109
Net increase in cash and cash equivalents	192,512
Cash and cash equivalents, beginning of period	0

Cash and cash equivalents, end of year	$ 192,512
Supplemental disclosure of noncash investing activities:	
Deferred project costs contributed	$ 374,299

6. INCOME TAX BASIS NET INCOME AND PARTNERS' CAPITAL

The Operating Partnership's income tax basis net income for the year ended December 31, 1998 is calculated as follows:

Financial statement net income	$ 334,034
Increase (decrease) in net income resulting from:	
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	82,618
Rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(35,427)
Expenses capitalized for income tax purposes, deducted for financial reporting purposes	1,634
Income tax basis net income	$ 382,859

The Operating Partnership's income tax basis partners' capital at December 31, 1998 is computed as follows:

Financial statement partners' capital	$27,421,687
Increase (decrease) in partners' capital resulting from:	
Depreciation expense for financial reporting purposes in excess of amounts for income tax purposes	82,618
Capitalization of syndication costs for income tax purposes, which are accounted for as cost of capital for financial reporting purposes	3,942,545
Accumulated rental income accrued for financial reporting purposes in excess of amounts for income tax purposes	(35,427)
Accumulated expenses capitalized for income tax purposes, deducted for financial reporting purposes	1,634
Operating Partnership's distributions payable	408,176
Income tax basis partners' capital	$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, 1998 is as follows:

Year ended December 31:	
1999	$ 3,056,108
2000	3,130,347
2001	3,229,087
2002	3,306,364
2003	3,332,111
Thereafter	12,865,333
	$28,919,350

Two tenants contributed 47% and 35% of rental income, which is included in equity in income of joint ventures for the year ended December 31, 1998. In addition, one tenant will contribute 77% of future minimum rental income.

The future minimum rental income due the Fund IX, X, XI, and REIT Joint Venture under noncancealable operating leases at December 31, 1998 is as follows:

Year ended December 31:	
1999	$ 3,689,498
2000	3,615,011
2001	3,542,714
2002	3,137,241
2003	3,196,100
Thereafter	8,225,566
	$25,406,130

Three significant tenants contributed 31%, 26%, and 13% of rental income for the year ended December 31, 1998. In addition, four significant tenants will contribute 27%, 25%, 21%, and 15% of future minimum rental income.

The future minimum rental income due Wells/Orange County Associates under noncancealable operating leases at December 31, 1998 is as follows:

Year ended December 31:	
1999	$ 758,964
2000	758,964
2001	809,580
2002	834,888
2003	695,740
	$3,858,136

One tenant contributed 100% of rental income for the year ended December 31, 1998 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, 1998 is as follows:

Year ended December 31:	
1999	$ 844,167
2000	869,492
2001	895,577
2002	922,444
2003	950,118
Thereafter	894,832
	$5,376,630

One tenant contributed 100% of rental income for the year ended December 31, 1998 and will contribute 100% of future minimum rental income.

8. 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.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

BALANCE SHEETS

	September 30, 1999	December 31, 1998
ASSETS:		
Real estate, at cost:		
Land	$ 12,984,155	$ 1,520,834
Building improvements, less accumulated depreciation of $1,036,003 in 1999	66,019,334	20,076,845
Total real estate	79,003,489	21,597,679
Investments in joint ventures (Note 2)	29,617,140	11,568,677
Due from affiliates	546,602	262,345
Cash and cash equivalents	2,850,263	7,979,403
Deferred project costs (Note 3)	19,431	335,421
Deferred offering costs (Note 4)	749,369	548,729
Prepaid expenses and other assets	946,847	540,319
Total assets	$113,733,141	$42,832,573
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable	$ 513,993	$ 187,827
Notes payable (Note 6)	16,926,057	14,059,930
Due to affiliates (Note 5)	838,493	554,953
Dividends payable	1,645,122	408,176
Minority interest of unit holder in operating partnership	200,000	200,000
Total liabilities	20,123,665	15,410,886
COMMITMENT AND CONTINGENT LIABILITIES (Note 7)		
Shareholders' equity:		
Common shares, $.01 par value; 40,000,000 shares authorised, 10,846,930 shares issued and outstanding at September 30,1999 and 3,154,136 shares issued and outstanding at December 31, 1998	108,469	31,541
Additional paid-in capital	90,894,541	27,056,112
Retained earnings	2,606,466	334,034
Total shareholders' equity	93,609,476	27,421,687
Total liabilities and shareholders' equity	$113,733,141	$42,832,573

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

STATEMENTS OF INCOME

Nine Months Four Months

	Three Months Ended		Ended	Ended
	September 30, 1999	September 30, 1998	September 30, 1999	September 30, 1998
REVENUES:				
Rental income	$1,227,144	$ 0	$2,806,158	$ 0
Equity in income of joint ventures	384,887	68,683	783,065	75,314
Interest income	191,321	4,609	407,067	8,895
	1,803,352	73,292	3,996,290	84,209
EXPENSES:				
Operating costs, net of reimbursements	(11,632)	0	359,112	0
Management and leasing fees	68,823	0	150,908	0
Depreciation	423,760	0	1,036,003	0
Administrative costs	21,076	10,846	91,016	10,864
Legal and accounting	22,187	318	78,637	318
Computer costs	2,119	0	8,182	0
	526,333	11,164	1,723,858	11,182
NET INCOME	$1,277,019	$62,128	$2,272,432	$73,027
BASIC AND DILUTED EARNINGS PER SHARE	$ 0.18	$ 0.06	$ 0.37	$ 0.06

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

STATEMENTS OF SHAREHOLDERS' EQUITY

THE NINE MONTHS ENDED SEPTEMBER 30, 1999

AND FOR THE YEAR ENDED DECEMBER 31, 1998

	Shares	Amounts	Additional Paid-In Capital	Retained Earnings	Total Shareholders' 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	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	7,692,794	76,928	76,851,016	0	76,927,944
Net income	0	0	0	2,272,432	2,272,432
Dividends	0	0	(3,396,594)	0	(3,396,594)
Sales commissions	0	0	(7,308,155)	0	(7,308,155)
Other offering expenses	0	0	(2,307,838)	0	(2,307,838)
BALANCE, September 30, 1999	10,846,930	$108,469	$90,894,541	$2,606,466	$93,609,476

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 1999	Four Months Ended September 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,272,432	$ 73,027
Adjustments to reconcile net income to net cash provided by operating activities:		

Depreciation	1,036,003	0
Equity in income of joint ventures	(783,065)	(75,314)
Changes in assets and liabilities:		
Accounts payable	326,166	0
Increase in prepaid expenses and other assets	(661,335)	(11,250)
Increase due to affiliates	82,901	33,544
Net cash provided by operating activities	2,273,102	20,007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(55,913,594)	0
Investments in joint ventures	(17,641,421)	(9,566,007)
Deferred project costs	(2,692,478)	(409,217)
Distributions received from joint ventures	826,822	15,307
Net cash used in investing activities	(75,420,671)	(9,959,917)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	25,598,666	0
Repayment of note	(22,732,539)	0
Dividends paid	(2,159,649)	0
Issuance of common stock	76,927,944	11,691,923
Sales commission paid	(7,308,155)	(1,011,133)
Offering costs paid	(2,307,838)	(350,758)
Net cash provided by financing activities	68,018,429	10,330,032
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,129,140)	390,122
CASH AND CASH EQUIVALENTS, beginning of year	7,979,403	201,000
CASH AND CASH EQUIVALENTS, end of period	$ 2,850,263	$ 591,122
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:		
Deferred project costs applied to investing activities	$ 3,008,467	$ 398,634

See accompanying condensed notes to financial statements.

WELLS REAL ESTATE INVESTMENT TRUST, INC. AND SUBSIDIARIES

(A Georgia Public Limited Partnership)

CONDENSED NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Wells Real Estate Investment Trust, Inc. (the "Company") 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 behalf of the Company.

On January 30, 1998, the Company commenced a public offering of up to 16,500,000 shares of common stock ($10 per share) pursuant to a registration statement on Form S-11 filed 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. As of September 30, 1999, the Company had sold 10,846,930 shares for total capital contributions of $108,469,304. After payment of $3,796,391 in acquisition and advisory fees and acquisition expenses, payment of $13,558,538 in selling commissions and organization and offering expenses, and investment by Wells OP of $89,919,734 in property acquisitions, as of September 30, 1999, the Company was holding net offering proceeds of $1,194,641 available for investment in properties.

Wells OP owns interests 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, and (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-XII-REIT Joint Venture").

As of September 30, 1999, Wells OP owned 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 office building in Oklahoma City, Oklahoma (the "Lucent Technologies 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 and office building in Fremont, California (the "Fairchild 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 under construction located in Lake Forest, California (the "Matsushita Project"), (xv) a four-story office building under construction in Richmond, Virginia (the "ABB Building"), and (xvi) a two-story office building and warehouse in Wood Dale, Illinois (the "Videojet Building"), all three of which are owned directly by Wells OP.

(b) Employees

The Company has no direct employees. The employees of Wells Capital, Inc., the Company's Advisor (the "Advisor"), perform a full range of real estate services including leasing and property management, accounting, asset management, and investor relations for the Company.

(c) 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 or indirectly by the Company. In the opinion of management, the properties are adequately insured.

(d) 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.

(e) Basis of Presentation

Substantially all of the Company's business will be conducted through Wells OP. At December 31, 1997, 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 and possesses full legal control and authority over the operations of Wells OP; consequently, the accompanying consolidated balance sheets of the Company include the amounts of 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, 1998.

(f) Distribution Policy

The Company is required to make distributions each taxable year (not including a return of capital for federal income tax purposes) equal to at least 95% of its real estate investment trust taxable income. The Company intends to make regular quarterly dividend distributions to holders of the shares. Distributions will be made to those shareholders who are shareholders as of the record dates selected by the directors. Distributions will be paid on a quarterly basis.

(g) Income Taxes

The Company has made an election under Section 856(c) of the Internal Revenue Code of 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.

(h) Statements of Cash Flows

For the purpose of the statements 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 owns interests in 14 office buildings and 2 office buildings under construction through its ownership in Wells OP which owns properties directly or through its interest in four joint ventures. The Company does not have control over the operations of these joint ventures; however, it

does exercise significant influence. Accordingly, investments in joint ventures are recorded using the equity method.

The following describes additional information about the properties in which the Company owns interests as of September 30, 1999:

The Sprint Building

On July 2, 1999, the Fund XI-XII-REIT Joint Venture acquired a three-story office building with approximately 68,900 rentable square feet on a 7.12-acre tract of land located in Leawood, Johnson County, Kansas (the "Sprint Building") from Bridge Information Systems America, Inc.

The purchase price for the Sprint Building was $9,500,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Sprint Building, including attorneys' fees, recording fees, and other closing costs, of approximately $46,210.

The entire 68,900 rentable square feet of the Sprint Building are currently under a net lease agreement with Sprint Communications, Inc. ("Sprint") dated February 14, 1997 (the "Lease"). The landlord's interest in the Lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing.

The initial term of the Lease is ten years which commenced on May 19, 1997 and expires on May 18, 2007. Sprint has the right to extend the Lease for two additional five-year periods of time.

The monthly base rent payable under the Lease is $83,254.17 ($14.50 per square foot) through May 18, 2002 and $91,866.67 ($16 per square foot) for the remainder of the lease term. The monthly base rent payable for each extended term of the Lease will be equal to 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 suburban south Kansas City, Missouri, and south Johnson County, Kansas, areas.

Under the Lease, Sprint is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Sprint Building during the term of the Lease. In addition, Sprint is responsible for all routine maintenance and repairs including the interior mechanical and electrical systems, the HVAC system, the parking lot, and the landscaping to the Sprint Building. The

Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repair and replacement of the exterior, roof, foundation, and structure.

The 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 Fund 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 Fund XI-XII-REIT 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.

For additional information regarding the Sprint Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated July 2, 1999, which was filed with the Commission on July 16, 1999 (Commission File No. 0-25739).

The Johnson Matthey Building

On August 17, 1999, the Fund XI-XII-REIT Joint Venture acquired a research and development office and warehouse building located in Chester County, Pennsylvania, from Alliance Commercial Properties Ltd.

Wells Capital, Inc., as original purchaser under the agreement, assigned its rights under the agreement to the Fund XI-XII-REIT Joint Venture at closing. The purchase price paid for the Johnson Matthey Building was $8,000,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Johnson Matthey Building, including attorneys' fees, recording fees, and other closing costs, of approximately $50,000.

The Johnson Matthey Building is a 130,000 square-foot research and development office and warehouse building that was first constructed in 1973 as a multitenant facility. It was subsequently converted into a single-tenant facility in 1998. The site consists of a ten-acre tract of land located at 434-436 Devon Park Drive in the Tredyffrin Township, Chester County, Pennsylvania.

The entire 130,000 rentable square feet of the Johnson Matthey Building are currently leased to Johnson Matthey. The Johnson Matthey lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing with the result that the joint venture is now the landlord under the lease. The annual base rent payable under the Johnson Matthey lease for the remainder of the lease term is as follows: year three-$789,750, year

four-$809,250, year five-$828,750, year six-$854,750, year seven-$874,250, year eight-$897,000, year nine-$916,500, and year ten-$939,250.

The current lease term expires in June 2007. Johnson Matthey has the right to extend the lease for two additional three-year periods of time.

Under the lease, Johnson Matthey is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Johnson Matthey Building during the term of the lease. In addition, Johnson Matthey is responsible for all routine maintenance and repairs to the Johnson Matthey Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for maintenance of the footings and foundations and the structural steel columns and girders associated with the building.

Johnson Matthey has a right of first refusal to purchase the Johnson Matthey Building in the event that the Fund XI-XII REIT Joint Venture desires to sell the building to an unrelated third party. The 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.

For additional information regarding the Johnson Matthey Building, refer to Supplement No. 10 dated October 10, 1999, to the Prospectus of Wells Real Estate Investment Trust, Inc. dated January 30, 1998, contained in

Post-Effective Amendment No. 7 to Form S-11 Registration Statement of Wells Real Estate Investment Trust, Inc., which was filed with the Commission on October 14, 1999 (Commission File No. 333-32099).

The Videojet Building

On September 10, 1999, Wells OP acquired an office, assembly, and manufacturing building containing approximately 250,354 rentable square feet on a 15.3-acre tract of land located in Wood Dale, DuPage County, Illinois. Wells OP acquired the Videojet Building from Sun-Pla, a California limited partnership, pursuant to the agreement of purchase and sale (the "Contract"). The rights under the Contract were assigned by Wells Capital, Inc., the original purchaser under the Contract, to Wells OP at closing. The purchase price for the Videojet Building was $32,630,940. In addition, Wells OP paid brokerage commissions of $500,000 at closing. Wells OP incurred acquisition expenses in connection with the purchase of the Videojet Building, including attorneys' fees, appraisers' fees, environmental consultants' fees, and other closing costs, of approximately $27,925.

The Videojet Building is a two-story corporate headquarters facility with 128,247 square feet of office space and 122,107 square feet of assembly

and distribution space. The Videojet Building was completed in 1991 and is located at 1500 Mittel Boulevard in the Chancellory Business Park in Wood Dale, Illinois. The site is a 15.3-acre tract of land that is adjacent to the western entrance to O'Hare International Airport.

The entire 250,354 rentable square feet of the Videojet Building are currently under a net lease agreement with Videojet dated May 31, 1991 (the "Videojet Lease"). The landlord's interest in the Videojet Lease was assigned to Wells OP at the closing. The initial term of the Videojet Lease is 20 years which commenced in November 1991 and expires in November 2011. Videojet has the right to extend the Videojet Lease for one additional five-year period of time. The extension option must be exercised by giving notice to the landlord at least 365 days prior to the expiration date of the current lease term.

The base rent payable for the remainder of the Videojet Lease term is as follows:

Lease Year	Yearly Base Rent	Monthly Base Rent
2000-2001	$2,838,952	$236,579.33
2002-2011	3,376,746	281,395.50
Extension Term	4,667,439	388,953.25

Under its lease, Videojet is responsible for repairs and maintenance of the roof, walls, structure and foundation landscaping, and the heating, ventilating, air conditioning, mechanical, electrical, plumbing, and other systems, and all other operating costs, including, but not limited to, real estate taxes, special assessments, utilities, and insurance.

For additional information regarding the Videojet Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated September 10, 1999, which was filed with the Commission on September 24, 1999 (Commission File No. 0-25739).

The Gartner Building

On September 20, 1999, the Fund XI-XII-REIT Joint Venture acquired a two-story office building with approximately 62,400 rentable square feet on a 4.9-acre tract of land located at 12600 Gateway Boulevard in Fort Myers, Lee County, Florida, from Hogan Triad Ft. Myers I, Ltd., a Florida limited partnership.

The rights under the contract were assigned by Wells Capital, Inc, the original purchaser under the contract, to the Fund XI-XII-REIT Joint Venture at closing. The purchase price for the Gartner Building was $8,320,000. The Fund XI-XII-REIT Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Gartner

Building, including attorneys' fees, recording fees, and other closing costs, of approximately $27,600.

The entire 62,400 rentable square feet of the Gartner Building are currently under a net lease agreement with Gartner dated July 30, 1997 (the "Gartner Lease"). The landlord's interest in the Gartner Lease was assigned to the Fund XI-XII-REIT Joint Venture at the closing.

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 Gartner Lease for two additional five-year periods of time. The yearly base rent payable for the remainder of the Gartner Lease term is $642,798 through January 2000, $790,642 through January 2001, and thereafter will increase by 2.5% through the remainder of the Gartner Lease.

Under the Gartner Lease, Gartner is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Gartner Building during the term of the Gartner Lease. In addition, Gartner is responsible for all routine maintenance and repairs to the Gartner Building. The Fund XI-XII-REIT Joint Venture, as landlord, is responsible for repairs and replacement of the roof, structures, and paved parking areas.

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

The "Small Option Building" expansion option allows Gartner the ability to expand into a separate, free-standing facility on the property containing between 30,000 and 32,000 rentable square feet to be constructed by the Fund XI-XII-REIT Joint Venture. Gartner may exercise its expansion right for the "Small Option Building" by providing notice in writing to the Fund XI-XII-REIT Joint Venture on or before February 15, 2002.

The "Large Option Building" expansion option allows Gartner the ability to expand into a separate, free-standing facility on the property containing between 60,000 and 75,000 rentable square feet to be constructed by the Fund XI-XII-REIT Joint Venture. Gartner may exercise its expansion right for the "Small Option Building" by providing notice in writing to the Fund XI-XII-REIT Joint Venture on or before February 15, 2002.

For additional information regarding the Gartner Building, refer to the Form 8-K of Wells Real Estate Investment Trust, Inc. dated September 20, 1999, which was filed with the Commission on October 5, 1999 (Commission File No. 0-25739).

3. 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, 1999 amounted to $3,796,391 and represented approximately 3 1/2% of shareholders' capital contributions received. These fees are allocated to specific properties as they are purchased.

4. 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. As of September 30, 1999, the Company had reimbursed the Advisor for $3,254,048 in offering expenses, which amounted to approximately 3% of shareholders' capital contributions.

5. DUE TO AFFILIATES

Due to Affiliates consists of acquisition and advisory fees, deferred offering costs, and other operating expenses paid by the Advisor on behalf of the Company.

6. NOTES PAYABLE

Wells OP obtained a loan in the amount of $6,450,000 from Bank of America, N.A. (the "Bank of America"), formerly known as NationsBank, N.A., on February 4, 1999 with an outstanding balance of $203,504 at September 30, 1999. The Bank of America loan matures on January 4, 2002. The interest rate on the Bank of America loan is a fixed rate equal to the rate appearing on Telerate Page 3750 as the London InterBank Offered Rate plus 200 basis points over a six-month period. The interest rate is fixed for the initial six months of the loan at 7% per annum. Wells OP is required to make quarterly installments of principal in an amount to one-ninth of the outstanding principal balance as of October 1, 1999. The Bank of America loan is secured by a first mortgage against the AT&T Building.

Wells OP also obtained a revolving credit facility loan in the amount of $15,500,000 on December 31, 1998 from SouthTrust Bank with an outstanding balance of $11,500,000 at September 30, 1999. The SouthTrust Loan matures on December 31, 2000. The interest rate on the SouthTrust Loan is a variable rate per annum equal to the London InterBank Offered Rate for a 30-day period, plus 185 basis points. The SouthTrust Loan is secured by a first mortgage against the PWC Building.

Wells OP obtained a construction loan dated May 10, 1999 from Bank of America, N.A., formerly known as NationsBank, N.A., with a maximum principal amount of

$15,375,000, the proceeds of the loan are being used to fund the development and construction of the Matsushita Project (the "Matsushita Loan"). At September 30, 1999, the balance on the Matsushita Loan was $5,222,553. The Matsushita Loan will mature 24 months from the date of the loan closing. The interest rate on the Matsushita Loan will be a variable rate equal to either (1) the Bank of America "prime rate" or (2) at the option of Wells OP, the rate per annum appearing on Telerate Page 3750 as the London InterBank Offered Rate for a 30-day period, plus 200 basis points. Wells OP will make monthly installments of interest, and commencing one year after the date of the loan closing, Wells OP will make monthly installments of principal in the amount of $10,703 until maturity. On the maturity date, the entire outstanding principal balance plus any accrued but unpaid interest shall be due and payable. At the closing, Wells OP paid a nonrefundable origination fee of $76,900 to Bank of America. The Matsushita Loan was secured by a first

priority mortgage against the Matsushita Project. Leo F. Wells, III (an officer and director of the Company and the Advisor) and the Company will be coguarantors of the Matsushita Loan.

7. COMMITMENTS AND CONTINGENT LIABILITIES

On March 15, 1999, Wells OP purchased an 8.8 tract of land in Lake Forest, Orange County, California, for a purchase price of $4,450,230. On February 18, 1999, Wells OP entered into an office lease with Matsushita Avionics Systems Corporation ("Matsushita Avionics") for the occupancy of a to be constructed two-story office building containing approximately 150,000 rentable square feet on this tract (the "Matsushita Project"). Matsushita Avionics currently occupies an existing building owned by Fund VIII and IX Joint Venture, a joint venture between Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P.--related parties to Wells OP.

On February 18, 1999, Wells OP entered into a rental income guaranty agreement with Fund VIII and IX Joint Venture, whereby Wells OP guaranteed the Fund VIII-Fund IX Joint Venture that the joint venture would receive rental income on the existing building at least equal to the rent and building expenses that the Fund VIII-Fund IX Joint Venture would have received over the remaining term of the existing lease. Matsushita Avionics will vacate the existing building in December 1999, with the existing lease term ending in September 2003. Current rental and building expenses are approximately $90,000 per month.

The Company's maximum liability to Fund VIII-Fund XI Joint Venture for rental income and building expenses for the existing building was included in the economic analysis for developing the Matsushita Project. The Company anticipates that the ultimate liability will be less than the maximum liability; however, management cannot determine at this time the ultimate liability under the rental income guaranty agreement. Any payment made to the Fund VIII-Fund IX Joint Venture for rental income and building expenses will be made from the Wells REIT operating cash flow and will reduce cash available for dividends.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Fund IX and X Associates

We have audited the accompanying balance sheet of FUND IX AND X ASSOCIATES (a Georgia Joint Venture) as of December 31, 1997 and the related statements of loss, partners' capital, and cash flows for the period from inception (March 20, 1997) to December 31, 1997. These financial statements are the responsibility of the Joint Venture's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fund IX and X Associates as of December 31, 1997 and the results of its operations and its cash flows for the period from inception (March 20, 1997) to December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 9, 1998

FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

BALANCE SHEETS

MARCH 31, 1998 AND DECEMBER 31, 1997

ASSETS

	1998	1997
	(Unaudited)	
REAL ESTATE ASSETS, AT COST:		
Land	$ 5,004,893	$ 607,930
Building and improvements, less accumulated depreciation of $205,915 in 1998 and $36,863 in 1997	22,005,710	6,445,300
Construction in progress	6,498	35,622
Total real estate assets	27,017,101	7,088,852
CASH AND CASH EQUIVALENTS	390,276	289,171
ACCOUNTS RECEIVABLE	150,402	40,512
PREPAID EXPENSES AND OTHER ASSETS	383,399	329,310
Total assets	$27,941,178	$7,747,845

LIABILITIES AND PARTNERS' CAPITAL

LIABILITIES:		
Accounts payable	$ 385,072	$ 379,770
Due to affiliates	2,281	2,479
Total liabilities	387,353	382,249
PARTNERS' CAPITAL:		
Wells Real Estate Fund IX	14,569,085	3,702,793
Wells Real Estate Fund X	12,984,740	3,662,803
Total partners' capital	27,553,825	7,365,596
Total liabilities and partners' capital	$27,941,178	$7,747,845

The accompanying notes are an integral part of these balance sheets.

FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

STATEMENTS OF INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31, 1998

AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)

TO DECEMBER 31, 1997

	1998 (Unaudited)	1997
REVENUES:		
Rental income	$351,203	$ 28,512
EXPENSES:		
Depreciation and amortization	178,881	36,863
Management and leasing fees	22,838	1,711
Operating costs, net of reimbursements	24,052	10,118
Property administration	5,632	0
	231,403	48,692
NET INCOME (LOSS)	$119,800	$(20,180)
NET INCOME (LOSS) ALLOCATED TO WELLS REAL ESTATE FUND IX	$ 57,858	$(10,145)
NET INCOME (LOSS) ALLOCATED TO WELLS REAL ESTATE FUND X	$ 61,942	$(10,035)

The accompanying notes are an integral part of these statements.

FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

STATEMENTS OF PARTNERS' CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 1998

AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)

TO DECEMBER 31, 1997

	Wells Real Estate Fund IX	Wells Real Estate Fund X	Total Partners' Capital
BALANCE, December 31, 1996	$ 0	$ 0	$ 0
Net loss	(10,145)	(10,035)	(20,180)
Partnership contributions	3,712,938	3,672,838	7,385,776
BALANCE, December 31, 1997	3,702,793	3,662,803	7,365,596
Partnership distributions	(100,863)	(101,419)	(202,282)
Net income	57,858	61,942	119,800
Partnership contributions	10,909,297	9,361,414	20,270,711
BALANCE, March 31, 1998 (unaudited)	$ 14,569,085	$ 12,984,740	$ 27,553,825

The accompanying notes are an integral part of these statements.

FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1998

AND THE PERIOD FROM INCEPTION (MARCH 20, 1997)

TO DECEMBER 31, 1997

	1998	1997
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 119,800	$ (20,180)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	178,881	36,863
Changes in assets and liabilities:		
Accounts receivable	(109,890)	(40,512)
Prepaid expenses and other assets	(54,089)	(329,310)
Accounts payable	5,302	379,770
Due to affiliates	(198)	2,479
Total adjustments	20,006	49,290
Net cash provided by operating activities	139,806	29,110
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in real estate from partners	(19,123,419)	(5,715,847)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to joint venture partners	(202,282)	0
Contributions received from partners	19,287,000	5,975,908
Net cash provided by financing activities	19,084,718	
NET INCREASE IN CASH AND CASH EQUIVALENTS	101,105	289,171
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	289,171	0
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 390,276	$ 289,171
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Deferred project costs applied by partners, net of deferred project costs transferred	$ 983,711	$ 318,981
Contribution of real estate assets	$ 0	$ 1,090,887

The accompanying notes are an integral part of these statements.

FUND IX AND X ASSOCIATES

(A Georgia Joint Venture)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1998 AND DECEMBER 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

On March 20, 1997, Fund IX and X Associates (a joint venture between Wells Real Estate Fund IX, L.P. ("Fund IX") and Wells Real Estate Fund X, L.P. ("Fund X") was formed to acquire, develop, operate, and sell real properties. On March 20, 1997, Fund IX contributed a 5.62-acre tract of real property in Knoxville, Tennessee, and improvements thereon, known as the ABB Property, to Fund IX and X Associates (the "Joint Venture"). A 83,885-square-foot, three-

story office building was constructed and commenced operations at the end of 1997.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Joint Venture 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.

Use of Estimates and Factors Affecting the Partnership

The preparation of 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 the real estate assets are based on management's current intent to hold the real estate assets as long-term investments. The success of the Joint Venture's future operations and the ability to realize the investment in its assets will be dependent on the Joint Venture's ability to maintain an appropriate level of rental rates, occupancy, and operating expenses in future years. Management believes that the steps it is taking will enable the Joint Venture to realize its investment in its assets.

Income Taxes

The Joint Venture is not subject to federal or state income taxes, and therefore, none have been provided for in the accompanying financial statements. The partners of Fund IX and Fund X are required to include their respective shares of profits and losses in their individual income tax returns.

Real Estate Assets

Real estate assets held by the Joint Venture are stated at cost less accumulated depreciation. Major improvements and betterments are capitalized when they extend the useful life of the related asset. All ordinary repairs and maintenance are expensed as incurred.

Management continually monitors events and changes in circumstances which could indicate that the carrying amounts of real estate assets may not be recoverable. When events or changes in circumstances are present that indicate the carrying amounts of real estate assets may not be recoverable, management assesses the recoverability of real estate assets under Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of," 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 believes that there has been no impairment in the carrying value of real estate assets held by the Joint Venture.

Depreciation of buildings and land 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 Joint Venture are classified as operating leases, and the related rental income is recognized on a straight-line basis over the terms of the respective leases.

Partners' Distributions and Allocations of Profit and Loss

Cash available for distribution and allocations of profit and loss to Fund IX and Fund X by the Joint Venture are made in accordance with the terms of the joint venture agreement. Generally, these items are allocated in proportion to the partners' respective ownership interests. Cash distributions are generally paid by the Joint Venture to Fund IX and Fund X quarterly.

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 Wells Real Estate Funds pay a percentage of limited partner contributions to Wells Capital, Inc., an affiliate of the Joint Venture, for acquisition and advisory services. These payments, as stipulated by the partnership agreement, can be up to 5% of the limited partner contributions, subject to certain overall limitations contained in the partnership agreement. These fees are allocated to specific properties as they are purchased or developed and are included in capitalized assets of the Joint Venture.

3. FUTURE MINIMUM RENTAL INCOME

The future minimum rental income due Fund IX and X Associates under noncancelable operating leases at December 31, 1997 is as follows:

Year ending December 31:	
1998	$ 646,250
1999	646,250
2000	646,250
2001	646,250
2002	646,250
Thereafter	3,583,021
	$6,814,271

4. COMMITMENTS AND CONTINGENCIES

Management, after consultation with legal counsel, is not aware of any significant litigation or claims against the Joint Venture or its partners. In the normal course of business, the Joint Venture or its partners may become subject to such litigation or claims.

5. SUBSEQUENT EVENTS (UNAUDITED)

On February 13, 1998, the Joint Venture acquired a two-story office building, the Ohmeda Building, a 106,750-square-foot office building located in Louisville, Colorado, for a cash purchase price of $10,325,000 plus acquisition expenses of $6,644. The building is 100% occupied by one tenant with an original lease term of ten years that commenced February 1, 1988. The lease term was extended for an additional seven years commencing February 1, 1998.

On March 20, 1998, the Joint Venture acquired the Interlocken Building, a 51,974-square-foot three-story multitenant office building located in

Broomfield, Colorado, for a cash purchase price of $8,275,000 plus acquisition expenses of $18,000.

On June 11, 1998, Wells Operating Partnership, L.P. (of which Wells Real Estate Investment Trust, Inc. is the sole general partner) and Wells Real Estate Fund XI, L.P. were admitted to the Joint Venture. The Joint Venture agreement was

restated and amended as such and was renamed the Fund IX, Fund X, Fund XI, and REIT Joint Venture.

On June 24, 1998, Fund IX, Fund X, Fund XI, and REIT Joint Venture acquired the Lucent Building, a one-story office building, from Wells Development Corporation, an affiliate of the Joint Venture, for a cash purchase price of $5,504,276 which equaled the book value of the building. The building is 100% occupied by one tenant with an original lease term of ten years that commenced January 1, 1998.

LUCENT BUILDING

STATEMENT OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE THREE MONTHS ENDED MARCH 31, 1998

(Unaudited)

REVENUES:	
Rental revenue	$137,817
OPERATING EXPENSES	675
REVENUES OVER OPERATING EXPENSES	$137,142

The accompanying notes are an integral part of this statement.

LUCENT BUILDING

NOTES TO STATEMENT OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE THREE MONTHS ENDED MARCH 31, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On June 24, 1998, Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P., and Wells Real Estate Investment Trust, Inc., through Fund IX, Fund X, Fund XI, and REIT Joint Venture (a

Georgia joint venture), acquired the Lucent Building, a 57,186-square-foot one-story office building located in Oklahoma City, Oklahoma, for a cash purchase price of $5,504,276. The building is 100% occupied by one tenant with an original lease term of 10 years that commenced January 1, 1998. The lease is a triple net lease, whereby the terms require the tenant to pay all operating expenses relating to the building.

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 operating expenses are 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 Lucent Building after acquisition by Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P, Wells Real Estate Fund XI, L.P., and Wells Real Estate Investment Trust, Inc.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XI, L.P. and
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the IOMEGA BUILDING for the year ended December 31, 1997. 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 generally accepted auditing standards. Those 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 Iomega Building after acquisition by Fund IX, X, XI, and REIT Joint Venture (a joint venture between Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P., Wells Real Estate Fund XI, L.P. and Wells Operating Partnership, L.P.). 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 Iomega 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 Iomega Building for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
August 6, 1998

IOMEGA BUILDING

STATEMENTS OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

	1997	1998 (Unaudited)
RENTAL REVENUES	$552,828	$276,414
OPERATING EXPENSES, net of reimbursements	(1,426)	9,750
REVENUES OVER CERTAIN OPERATING EXPENSES	$554,254	$266,664

The accompanying notes are an integral part of these statements.

IOMEGA BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On July 1, 1998, Wells Real Estate Fund X, L.P. ("Fund X") contributed a single-story warehouse and office building with 108,000 rentable square feet (the "Iomega Building") to the Fund IX, Fund X, Fund XI, and REIT Joint Venture ("IX-X-XI-REIT Joint Venture") (a Georgia joint venture) as a capital contribution. Fund X was credited with making a capital contribution to the IX-X-XI-REIT Joint Venture in the amount of $5,050,425, which represents the purchase price of $5,025,000 plus acquisition expenses of $25,425 originally paid by Fund X for the Iomega Building on April 1, 1998. As of August 1, 1998, Fund X had made total capital contributions to the IX-X-XI-REIT Joint Venture of $18,410,965 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of 49.9%; Wells Real Estate Fund IX, L.P. had made total capital contributions to the IX-X-XI-REIT Joint Venture of $14,571,686 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of

39.5%; Wells Operating Partnership, L.P. had made total capital contributions to the IX-X-XI-REIT Joint Venture of $1,421,466 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of 3.9%; and Wells Real Estate Fund XI, L.P. had made total capital contributions to the IX-X-XI-REIT Joint Venture of $2,482,810 and held an equity percentage interest in the IX-X-XI-REIT Joint Venture of 6.7%.

The building is 100% occupied by one tenant with a ten year lease term that expires on July 31, 2006. The monthly base rent payable under the lease is $40,000 through November 12, 1999. Beginning on the 40th and 80th months of the lease term, the monthly base rent payable under the lease will be increased to reflect an amount equal to 100% of the increase in the Consumer Price Index (as defined in the lease) 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 annum, compounded annually, on a cumulative basis from the beginning of the lease term. The lease is a triple net lease, whereby the terms require the tenant to reimburse the IX-X-XI-REIT Joint Venture for certain operating expenses, as defined in the lease, related to the building.

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 and management fees, not comparable to the operations of the Iomega Building after acquisition by the IX-X-XI-REIT Joint Venture.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XI, L.P. and
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the FAIRCHILD BUILDING for the year ended December 31, 1997. 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 generally accepted auditing standards. Those 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 Fairchild Building after acquisition by the Fremont Joint Venture (a joint venture between Wells Operating Partnership, L.P. and Wells Development Corporation). 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 Fairchild 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 Fairchild Building for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
August 6, 1998

FAIRCHILD BUILDING

STATEMENTS OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

	1997	1998
		(Unaudited)
RENTAL REVENUES	$220,090	$440,178
OPERATING EXPENSES	67,573	10,420
REVENUES OVER CERTAIN OPERATING EXPENSES	$152,517	$429,758

The accompanying notes are an integral part of these statements.

FAIRCHILD BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

The Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc., entered into a Joint Venture Agreement

known as Wells/Fremont Associates ("Fremont Joint Venture") with Wells Development Corporation. On July 21, 1998, the Fremont Joint Venture acquired the Fairchild Building, a 58,424-square-foot warehouse and office building located in Fremont, California, for a purchase price of $8,900,000 plus acquisition expenses of approximately $60,000. The Fremont Joint Venture used the $2,995,480 aggregate capital contributions described below to partially fund the purchase of the Fairchild Building. The Fremont Joint Venture obtained a loan in the amount of $5,960,000 from NationsBank, N.A., the proceeds of which were used to fund the remainder of the cost of the Fairchild Building (the "Fairchild Loan"). The Fairchild Loan matures on July 21, 1999 (the "Fairchild Maturity Date"), unless the Fremont Joint Venture exercises its option to extend the Fairchild Maturity Date to January 21, 2000. The interest rate on the Fairchild Loan is a variable rate per annum equal to the rate appearing on Telerate Page 3750 as the LIBOR Rate for a 30-day period plus 220 basis points.

The building is 100% occupied by one tenant with a seven-year lease term that commenced on December 1, 1997 (with an early possession date of October 1, 1997) and expires on November 30, 2004. The monthly base rent payable under the lease is $68,128 with a 3% increase on each anniversary of the commencement date. The lease is a triple net lease, whereby the terms require the tenant to reimburse Wells/Fremont for certain operating expenses, as defined in the lease, related to the building. Prior to October 1, 1997, the building was unoccupied and all operating expenses were paid by the former owner of the Fairchild Building.

Acquisition of the Fremont Joint Venture Interest

Wells Real Estate Fund XI, L.P. ("Wells Fund XI") entered into a Joint Venture Agreement with Wells Real Estate Fund X, L.P. ("Wells Fund X") known as Fund X and Fund XI Associates ("Fund X-XI Joint Venture") for the purpose of the

acquisition, ownership, leasing, operation, sale and management of real properties, and interests in real properties, including but not limited to, the acquisition of equity interests in the Fremont Joint Venture.

On July 17, 1998, the Fund X-XI Joint Venture entered into an Agreement for the Purchase and Sale of Joint Venture Interest (the "Fremont JV Contract") with Wells Development. Pursuant to the Fremont JV Contract, the Fund X-XI Joint Venture contracted to acquire Wells Development's interest in the Fremont Joint Venture (the "Freemont JV Interest") which, at closing, will result in the Fund X-XI Joint Venture becoming a joint venture partner with Wells OP in the ownership of the Fairchild Building. Wells Fund X, Wells OP and Wells Development are all affiliates of Wells Fund XI.

At the time of the entering into the Fremont JV Contract, the Fund X-XI Joint Venture delivered $2,000,000 to Wells Development as an earnest money deposit (the "Fremont Earnest Money"). Wells Fund XI contributed $1,000,000 of the Fremont Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 21, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%; and Wells Fund X contributed $1,000,000 of the Fremont Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 21, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%. Wells Development contributed the Fremont Earnest Money it received from the Fund X-XI Joint Venture to the Fremont Joint Venture as its initial capital contribution, and Wells OP simultaneously contributed $995,480 to the Fremont Joint Venture as its initial capital contribution.

Cash flow distributions allocable by the Fremont Joint Venture to Wells Development will be credited as a purchase price adjustment or paid to the Fund X-XI Joint Venture at the closing of the acquisition of the Fremont JV Interest from Wells Development since Wells Development is prohibited from making any profit on the transaction during the holding period. The Fund X-

XI Joint Venture will have no property rights in the Fairchild Building prior to closing nor any potential liability on the Fairchild Loan, which will be paid off prior to closing.

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 interest, depreciation, and management fees, not comparable to the operations of the Fairchild Building after acquisition by Wells/Fremont.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XI, L.P. and
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying statement of revenues over certain operating expenses for the CORT FURNITURE BUILDING for the year ended December 31, 1997. 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 generally accepted auditing standards. Those 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 Cort Furniture Building after acquisition by the Cort Joint Venture (a joint venture between Wells Operating Partnership, L.P. and Wells Development Corporation). 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 Cort Furniture 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 Cort Furniture Building for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
August 6, 1998

CORT FURNITURE BUILDING

STATEMENTS OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

	1997	1998 (Unaudited)
RENTAL REVENUES	$771,618	$385,809
OPERATING EXPENSES	16,408	4,104
REVENUES OVER CERTAIN OPERATING EXPENSES	$755,210	$381,705

The accompanying notes are an integral part of these statements.

CORT FURNITURE BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1997

AND FOR THE SIX MONTHS ENDED JUNE 30, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

The Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership organized to own and operate properties on behalf of the Wells Real Estate Investment Trust, Inc, entered into a Joint Venture Agreement known as Wells/Orange County Associates ("Cort Joint Venture") with Wells Development Corporation. On July 31, 1998, the Cort Joint Venture acquired the Cort Furniture Building, a 52,000-square-foot warehouse and office building located in Fountain Valley, California, for a purchase price of $6,400,000 plus acquisition expenses of approximately $150,000. The Cort Joint Venture used the $1,668,000 aggregate capital contributions described below to partially fund the purchase of the Cort Furniture Building. The Cort Joint Venture obtained a loan in the amount of $4,875,000 from NationsBank, N.A., the proceeds of which were used to fund the remainder of the cost of the Cort Furniture Building (the "Cort Loan"). The Cort Loan matures on July 31, 1999 (the "Cort Maturity Date"), unless the Cort Joint Venture exercises its option to extend the Cort Maturity Date to January 31, 2000. The interest rate on the Cort Loan is a variable rate per annum equal to the rate appearing on Telerate Page 3750 as the LIBOR Rate for 30-day period plus 220 basis points.

The building is 100% occupied by one tenant with a 15-year lease term that commenced on November 1, 1988 and expires on October 31, 2003. The monthly base rent payable under the lease is $63,247 through April 30, 2001 at which time the monthly base rent will be increased 10% to $69,574 for the remainder of the lease term. The lease is a triple net lease, whereby the terms require the tenant to reimburse the Cort Joint Venture for certain operating expenses, as defined in the lease, related to the building.

Acquisition of the Cort Joint Venture Interest

Wells Real Estate Fund XI, L.P. ("Wells Fund XI") entered into a Joint Venture Agreement with Wells Real Estate Fund X, L.P. ("Wells Fund X") known as Fund X and Fund XI Associates ("Fund X-XI Joint Venture") for the purpose of the acquisition, ownership, leasing, operation, sale and management of real

properties, and interests in real properties, including but not limited to, the acquisition of equity interests in the Cort Joint Venture.

On July 30, 1998, the Fund X-XI Joint Venture entered into an Agreement for the Purchase and Sale of Joint Venture Interest (the "Cort JV Contract") with Wells Development. Pursuant to the Cort JV Contract, the Fund X-XI Joint Venture contracted to acquire Wells Development's interest in the Cort Joint Venture (the "Cort JV Interest") which, at closing, will result in the Fund X-XI Joint Venture becoming a joint venture partner with Wells OP in the ownership of the Cort Furniture Building. Wells Fund X, Wells OP and Wells Development are all affiliates of Wells Fund XI.

At the time of entering into the Cort JV Contract, the Fund X-XI Joint Venture delivered $1,500,000 to Wells Development as an earnest money deposit (the "Cort Earnest Money"). Wells Fund XI contributed $750,000 of the Cort Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 31, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%; and Wells Fund X contributed $750,000 of the Cort Earnest Money as a capital contribution to the Fund X-XI Joint Venture and, as of July 31, 1998, held an equity percentage interest in the Fund X-XI Joint Venture of 50%. Wells Development contributed the Cort Earnest Money it received from the Fund X-XI Joint Venture to the Cort Joint Venture as its initial capital contribution, and Wells OP simultaneously contributed $168,000 to the Cort Joint Venture as its initial capital contribution.

Cash flow distributions allocable by the Cort Joint Venture to Wells Development will be credited as a purchase price adjustment or paid to the Fund X-XI Joint Venture at the closing of the acquisition of the Cort JV Interest from Wells Development since Wells Development is prohibited from making any profit on the transaction during the holding period. The Fund X-XI Joint Venture will have no property rights in the Cort Building prior to closing nor any potential liability on the Cort Loan, which will be paid off prior to closing.

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 interest, depreciation, and management fees, not comparable to the operations of the Cort Furniture Building after acquisition by the Cort Joint Venture.

Arthur Andersen LLP

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 VANGUARD CELLULAR BUILDING for the period from inception (November 16, 1998) to December 31, 1998. 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 generally accepted auditing standards. Those 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 Vanguard Cellular Building after acquisition by 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 Vanguard Cellular 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 Vanguard Cellular Building for the period from inception (November 16, 1998) to December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
February 26, 1999

VANGUARD CELLULAR BUILDING

STATEMENT OF REVENUES OVER CERTAIN

OPERATING EXPENSES

FOR THE PERIOD FROM INCEPTION

(NOVEMBER 16, 1998) TO DECEMBER 31, 1998

RENTAL REVENUES	$171,855
OPERATING EXPENSES, net of reimbursements	0
REVENUES OVER CERTAIN OPERATING EXPENSES	$171,855

The accompanying notes are an integral part of this statement.

VANGUARD CELLULAR BUILDING

NOTES TO STATEMENT OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE PERIOD FROM INCEPTION

(NOVEMBER 16, 1998) TO DECEMBER 31, 1998

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On February 4, 1999, Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership, formed to acquire and hold real estate properties on behalf of Wells Real Estate Investment Trust, Inc. (the "Registrant"), acquired a four-story office building (the "Vanguard Cellular Building") containing approximately 81,859 rentable square feet, for the price of $12,291,200 plus acquisition expenses, including legal fees, of approximately $240,900. Wells OP paid $6,382,100 in cash and obtained a loan in the amount of $6,450,000 from NationsBank, N.A. (the "NationsBank Loan"). As of February 4, 1999, $6,150,000 was outstanding on the NationsBank Loan. The NationsBank Loan gives Wells OP the option of extending the term of the loan after the initial six months. The interest rate for the initial six months of the NationsBank Loan is fixed at 7%. On August 1, 1999, Wells OP may extend the NationsBank Loan at a rate of LIBOR plus 200 basis points for up to 29 additional months. During the term of the extension, Wells OP is required to make quarterly principal installments in an amount equal to one-ninth of the outstanding principal balance as of October 1, 1999. The NationsBank Loan is secured by a first mortgage against the Vanguard Cellular Building. Legal fees, loan origination costs, and appraisal fees incurred from obtaining the NationsBank Loan totaled approximately $29,000.

The Vanguard Cellular Building is 100% occupied by one tenant with a ten-year lease term that commenced on November 16, 1998 and expires on November 15, 2008. Construction of the building was completed in November 1998. Under the terms of the lease agreement, monthly base rent payable is subject to escalations of 2% per annum and certain lease inception discounts. The lease is a triple net lease, whereby the terms require the tenant to reimburse Wells OP for certain operating expenses, as defined in the lease, related to the building. All of the operating expenses for the period from lease inception (November 16, 1998) to December 31, 1998 have been passed through to the tenant.

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 interest, depreciation, and management fees, not comparable to the operations of the Vanguard Cellular Building after acquisition by Wells OP.

Arthur Andersen LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc. and Wells Real Estate Fund XII, L.P.:

We have audited the accompanying statement of revenues over certain operating expenses for the EYBL CARTEX BUILDING for the year ended December 31, 1998. 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 generally accepted auditing standards. Those 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 EYBL CarTex Building after acquisition by the Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P. [on behalf of Wells Real Estate Investment Trust, Inc.], Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P.). 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 EYBL CarTex 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 EYBL CarTex Building for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
May 21, 1999

EYBL CARTEX BUILDING

STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE THREE MONTHS ENDED MARCH 31, 1999

	1998	1999 (Unaudited)
RENTAL REVENUES	$213,330	$63,990
OPERATING EXPENSES, net of reimbursements	14,343	0
REVENUES OVER CERTAIN OPERATING EXPENSES	$198,987	$63,990

The accompanying notes are an integral part of these statements.

EYBL CARTEX BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE THREE MONTHS ENDED MARCH 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

The EYBL CarTex Building is an industrial building consisting of a total of 169,510 square feet. On May 18, 1999, Wells Real Estate, LLC - SC I ("Wells LLC"), a Georgia limited liability company wholly owned by the Wells Fund XI-REIT Joint Venture (the "Joint Venture"), acquired an industrial building located in Fountain Inn, unincorporated Greenville County, South Carolina (the "EYBL CarTex Building"). Wells LLC purchased the EYBL CarTex Building from Liberty Property Trust, a Pennsylvania limited partnership.

The Joint Venture is a Georgia joint venture between Wells Real Estate Fund XI, L.P. ("Wells Fund XI"), a Georgia limited partnership, 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. The Joint Venture was formed on May 1, 1999 for the purpose of the acquisition, ownership, development, leasing, operations, sale, and management of real properties. On June 21, 1999, Wells Real Estate Fund XII, L.P., a Georgia limited partnership, was admitted to the Joint Venture, and the Joint Venture was renamed the Wells Fund XI-Fund XII-REIT Joint Venture.

The purchase price for the EYBL CarTex Building was $5,085,000. Wells LLC also incurred additional acquisition expenses in connection with the purchase of the EYBL CarTex Building, including attorneys' fees, recording

fees, and other closing costs of $36,828. Wells Fund XI contributed $1,530,000 to the Joint Venture and Wells OP contributed $3,591,828 to the Joint Venture.

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 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, the statements exclude certain historical expenses, such as depreciation and management fees, not comparable to the operations of the EYBL CarTex Building after acquisition by the Joint Venture.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Fund XI, L.P.,
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 SPRINT BUILDING for the year ended December 31, 1998. 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 generally accepted auditing standards. Those 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 Sprint Building after acquisition by the Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P. [on behalf of Wells Real Estate Investment Trust, Inc.], Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P.). 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 Sprint 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 Sprint Building for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
July 12, 1999

SPRINT BUILDING

STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE THREE MONTHS ENDED MARCH 31, 1999

	1998	1999
		(Unaudited)
RENTAL REVENUES	$1,050,725	$262,681
OPERATING EXPENSES, net of reimbursements	19,410	2,250
REVENUES OVER CERTAIN OPERATING EXPENSES	$1,031,315	$260,431

The accompanying notes are an integral part of these statements.

SPRINT BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE THREE MONTHS ENDED MARCH 31, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On July 2, 1999, the Wells Fund XI-XII-REIT Joint Venture (the "Joint Venture") acquired a three-story office building with approximately 68,900 rentable square feet located in Leawood, Johnson County, Kansas (the "Sprint Building"). The Joint Venture is a joint venture partnership between Wells Real Estate Fund XI, L.P. ("Wells Fund XI"), 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. (the "Wells REIT"). Wells Fund XI contributed $3,000,000, Wells Fund XII contributed $1,000,000 and Wells OP contributed $5,546,210 to the Joint Venture for their respective share of the purchase of the Sprint Building.

The entire 68,900 rentable square feet of the Sprint Building is currently under a net lease agreement dated February 14, 1997 (the "Lease") with Sprint. The Lease was assigned to the Joint Venture at the closing. The initial term of the Lease is ten years which commenced on May 19, 1997 and expires on May 18, 2007. Sprint has the right to extend the Lease for 2 additional five-year periods. Each extension option must be exercised by giving notice to the landlord at least 270 days, but no earlier than 365 days, prior to the expiration date of the then current lease term. The

monthly base rent payable under the Lease will be $83,254.17 through May 18, 2002 and $91,866.67 for the remainder of the Lease term. The monthly base rent payable for each extended term of the Lease will be equal to 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 suburban south Kansas City, Missouri and south Johnson County, Kansas areas.

Under the Lease, Sprint is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Sprint Building during the term of the Lease. In addition, Sprint is responsible for all routine maintenance and repairs including interior mechanical and electrical, HVAC, parking lot, and landscaping to the Sprint Building. The

Joint Venture, as landlord, is responsible for repair and replacement of the exterior, roof, foundation, and structure.

The Lease contains a termination option which may be exercised by Sprint effective as of May 18, 2004 provided Sprint has not exercised its expansion option, as described below. The early termination requires nine months' notice and a termination payment to the Joint Venture 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 phases, which involves 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.

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 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, the statements exclude certain historical expenses, such as depreciation and management fees, not comparable to the operations of the Sprint Building after acquisition by the Joint Venture.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.,
Wells Real Estate Fund XI, L.P.,
and Wells Real Estate Fund XII, L.P.:

We have audited the accompanying statement of revenues over certain operating expenses for the JOHNSON MATTHEY BUILDING for the year ended December 31, 1998. 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 generally accepted auditing standards. Those 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 Johnson Matthey Building after acquisition by the Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P. [on behalf of Wells Real Estate Investment Trust, Inc.], Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P.). 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 Johnson Matthey 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 Johnson Matthey Building for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
August 30, 1999

JOHNSON MATTHEY BUILDING

STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE SIX MONTHS ENDED JUNE 30, 1999

	1998	1999
		(Unaudited)
RENTAL REVENUES	$745,935	$424,724
OPERATING EXPENSES, net of reimbursements	100,314	59,398
REVENUES OVER CERTAIN OPERATING EXPENSES	$645,621	$365,326

The accompanying notes are an integral part of these statements.

JOHNSON MATTHEY BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On August 17, 1999, the Wells Fund XI-Fund XII-REIT Joint Venture (the "Joint Venture") acquired an office building with approximately 130,000 rentable square feet located in Tredyffrin Township, Chester County, Pennsylvania (the "Johnson Matthey Building"). The Joint Venture is a joint venture partnership between Wells Real Estate Fund XI, L.P. ("Wells Fund XI"), 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. (the "Wells REIT"). Wells Fund XI contributed $3,494,797, Wells Fund XII contributed $1,500,000, and Wells OP contributed $3,055,694 to the Joint Venture for their respective share of the purchase of the Johnson Matthey Building.

The entire 133,000 rentable square feet of the Johnson Matthey Building is currently under a net lease agreement (the "Lease") with Johnson Matthey. The Lease was assigned to the Joint Venture at the closing. The initial term of the Lease is ten years, which commenced on July 1, 1997 and expires on June 30, 2007. Johnson Matthey has the right to extend the Lease for two additional three-year periods. Each extension option must be exercised by giving notice to the landlord at least 12 months prior to the expiration date of the then current lease term. The monthly base rent payable for each extended term of the Lease 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.

Under the Lease, Johnson Matthey is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Johnson Matthey Building during the term of the Lease. In addition, Johnson Matthey is responsible for all routine maintenance and repairs including interior mechanical and electrical, HVAC, parking lot, and landscaping to the Johnson Matthey Building. The Joint Venture, as landlord, is responsible for repair and replacement of the exterior, roof, foundation, and structure.

The Lease contains a purchase option, which may be exercised by Johnson Matthey in the event that the Joint Venture desires to sell the building to an unrelated third party. The 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 the purchase option, it must purchase the Johnson Matthey Building on the same terms contained in the offer.

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 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, the statements exclude certain historical expenses, such as depreciation, not comparable to the operations of the Johnson Matthey Building after acquisition by the Joint Venture.

ARTHUR ANDERSEN LLP

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 VIDEOJET BUILDING for the year ended December 31, 1998. 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 generally accepted auditing standards. Those 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 Videojet 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 Videojet 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 Videojet Building for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Atlanta, Georgia
September 17, 1999

VIDEOJET BUILDING

STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE SIX MONTHS ENDED JUNE 30, 1999

	December 31, 1998	June 30, 1999 (Unaudited)
RENTAL REVENUES	$2,995,806	$1,497,903
OPERATING EXPENSES, net of reimbursements	0	0

REVENUES OVER CERTAIN OPERATING EXPENSES	$2,995,806	$1,497,903

The accompanying notes are an integral part of these statements.

VIDEOJET BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE SIX MONTHS ENDED JUNE 30, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On September 10, 1999, 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 a two-story corporate office building with a single story assembly and manufacturing space containing approximately 250,354 rentable square feet located in Wood Dale, DuPage County, Illinois (the "Videojet Building"). The purchase price of the Videojet Building was $33,158,865 which includes acquisition related expenses and $500,000 in selling commissions paid by Wells OP. Wells OP paid $26,130,940 in cash and obtained $7,000,000 in loan proceeds from a line of credit held by SouthTrust Bank, N.A. Additional acquisition fees of $27,925 were incurred related to attorneys' fees, environmental consultants fees, appraisers fees, and other costs.

The entire 250,354 rentable square feet of the Videojet Building is currently under a net lease agreement dated November 1991 (the "Lease") with Videojet Systems International, Inc. ("Videojet"). The Lease was assigned to Wells OP at the closing. The initial term of the Lease is 20 years which commenced in November 1991 and expires in November 2011. Videojet has the right to extend the Lease for one additional five-year period. The extension option must be exercised by giving notice to the landlord at least 365 days prior to the expiration date of the then current lease term. The monthly base rent payable under the Lease is $236,579 through November 2001 and will be $281,396 for the remainder of the lease term. The monthly base rent payable for the extended term of the Lease will be $388,953, should Videojet choose to extend the lease.

Under the Lease, Videojet is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs associated with the Videojet Building during the term of the Lease. In addition, Videojet 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 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, the statements exclude certain historical expenses, such as depreciation, interest, and management fees, not comparable to the operations of the Videojet Building after acquisition by Wells OP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Wells Real Estate Investment Trust, Inc.,
and Wells Real Estate Fund XII, L.P.:

We have audited the accompanying statement of revenues over certain operating expenses for the GARTNER BUILDING for the year ended December 31, 1998. 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 generally accepted auditing standards. Those 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 Gartner Building after acquisition by the Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between the Wells Operating Partnership, L.P. [on behalf of Wells Real Estate Investment Trust, Inc.], Wells Real Estate Fund XI, L.P., and Wells Real Estate Fund XII, L.P.). 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 Gartner 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 Gartner Building for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

/S/ Arthur Andersen LLP

Atlanta, Georgia
September 24, 1999

GARTNER BUILDING

STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE SIX MONTHS ENDED JUNE 30, 1999

	1998	1999 (Unaudited)
RENTAL REVENUES	$738,074	$402,590
OPERATING EXPENSES, net of reimbursements	8,505	75
REVENUES OVER CERTAIN OPERATING EXPENSES	$729,569	$402,515

The accompanying notes are an integral part of these statements.

GARTNER BUILDING

NOTES TO STATEMENTS OF REVENUES

OVER CERTAIN OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1998 AND

FOR THE SIX MONTHS ENDED JUNE 30, 1999

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Real Estate Property Acquired

On September 20, 1999, the Wells Fund XI-Fund XII-REIT Joint Venture (the "Joint Venture") acquired a two story office building with approximately 62,400 rentable square feet located in Fort Myers, Lee County, Florida (the "Gartner Building").

The Joint Venture is a partnership between Wells Real Estate Fund XII, L.P. ("Wells Fund XII"), Wells Real Estate Fund XI, L.P. ("Wells Fund XI"), 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.

The purchase price for the Gartner Building was $8,320,000. The Joint Venture also incurred additional acquisition expenses in connection with the purchase of the Gartner Building, including attorneys' fees, recording fees and other closing costs, of $27,600.

The Wells Fund XII contributed $2,800,000, Wells Fund XI contributed $106,550, and Wells OP contributed $5,441,050 to the Joint Venture for their respective share of the acquisition costs for the Gartner Building.

The entire 62,400 rentable square feet of the Gartner Building is currently under a net lease agreement with Gartner dated July 30, 1997 (the "Lease"). The Lease was assigned to the Joint Venture at the closing.

The initial term of the 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. Each extension option

must be exercised by giving at least one year's notice to the landlord prior to the expiration date of the then current lease term.

Under the Lease, Gartner is required to pay as additional rent all real estate taxes, special assessments, utilities, taxes, insurance, and other operating costs with respect to the Gartner Building during the term of the Lease. In addition, Gartner

is responsible for all routine maintenance and repairs to the Gartner Building. The Joint Venture, as landlord, is responsible for repair and replacement of the roof, structure, and paved parking areas.

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 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, the statements exclude certain historical expenses, such as depreciation and management and leasing fees, not comparable to the operations of the Gartner Building after acquisition by the Joint Venture.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Wells Operating Partnership, L.P., ("Wells OP") is a Delaware limited partnership that was organized to own and operate properties on behalf of Wells Real Estate Investment Trust, Inc. ("Wells REIT"). Wells REIT is the general partner of Wells OP.

The following unaudited pro forma statements of income for the year ended December 31, 1998 and the nine-month period ended September 30, 1999 have been prepared to give effect to the following transactions as if each occurred on January 1, 1998: (i) Wells OP's acquisition of an equity interest in Fund IX, Fund X, Fund XI, and REIT Joint Venture (formerly Fund IX-Fund X Associates) (a joint venture between Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. ["Wells Fund X"], Wells Real Estate Fund XI, L.P. ["Wells Fund XI"], and Wells OP); (ii) acquisition of Lucent Building by Fund IX, Fund X, Fund XI, and REIT Joint Venture; (iii) Wells OP's adjusted equity interest in Fund IX, Fund X, Fund XI, and REIT Joint Venture after giving affect to the contribution by Wells Fund X of Iomega Building to Fund IX, Fund X, Fund XI, and REIT Joint Venture; (iv) acquisition of the Fairchild Building by Wells/Fremont Associates (a joint venture between Wells OP and Fund X and Fund XI Associates [a joint venture between Wells Fund X and Wells Fund XI]); (v) acquisition of the Cort Furniture Building by Wells/Orange County Associates (a joint venture between Wells OP and Fund X and Fund XI Associates); (vi) acquisition of the EYBL CarTex Building by Wells Fund XI-Fund XII-REIT Joint Venture (a joint venture between Wells Fund XI, Wells Real Estate Fund XII, L.P., and Wells OP); (vii) acquisition of the Sprint Building by Wells Fund XI-Fund XII-REIT Joint Venture; (viii) acquisition of the Johnson Matthey Building by Wells Fund XI-Fund XI-REIT Joint Venture; and (ix) acquisition of the Gartner Building by Wells Fund XI-Fund XI-REIT Joint Venture.

The following unaudited pro forma statements of income for the year ended December 31, 1998 and the nine-month period ended September 30, 1999 have been

prepared to give effect to the acquisition by Wells OP of the Vanguard Cellular Building and the Videojet Building as if the acquisitions had occurred on November 16, 1998 (Vanguard Cellular lease inception date) and on January 1, 1998, respectively.

No pro forma balance sheet as of September 30, 1999 has been prepared since no acquisitions have occurred since September 30, 1999, the date of Wells REIT's most recently issued historical balance sheet.

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 acquisition been consummated at the beginning of the period presented.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1998

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Fund IX, Fund X, Fund XI, and REIT Joint Venture	Lucent	Iomega	Fairchild	Cort Furniture	Vanguard Cellular
REVENUES:							
Rental income	$ 20,994	$ 0	$ 0	$ 0	$ 0	$ 0	$ 171,855(b)
Equity in income (loss) of joint ventures	263,315	17,909(a)	7,142(a)	6,158(a)	13,316(a)	11,489(a)	0
Interest income	110,869	0	0	0	0	0	0
	395,178	17,909	7,142	6,158	13,316	11,489	171,855
EXPENSES:							
Operating costs, net of reimbursements	11,033	0	0	0	0	0	0
General and administrative	29,943	0	0	0	0	0	2,384
Depreciation	0	0	0	0	0	0	60,896(c)
Interest	0	0	0	0	0	0	54,255(d)
Legal and accounting	19,552	0	0	0	0	0	0
Computer costs	616	0	0	0	0	0	0
	61,144	0	0	0	0	0	117,535
NET INCOME (LOSS)	$334,034	$ 17,909	$ 7,142	$ 6,158	$ 13,316	$ 11,489	$ 54,320
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.40						
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)							

	EYBL CarTex	Sprint	Johnson Matthey	Gartner	Videojet	Pro Forma Total
REVENUES:						
Rental income	$ 0	$ 0	$ 0	$ 0	$2,995,806(b)	$3,188,655
Equity in income (loss) of joint ventures	(5,022)(a)	391,893(a)	235,468(a)	258,285(a)	0	1,199,953
Interest income	0	0	0	0	0	110,869
	(5,022)	391,893	235,468	258,285	2,995,806	4,499,477
EXPENSES:						
Operating costs, net of reimbursements	0	0	0	0	0	11,033
General and administrative	0	0	0	0	0	32,327
Depreciation	0	0	0	0	1,173,286(c)	1,234,182
Interest	0	0	0	0	520,625(e)	574,880
Legal and accounting	0	0	0	0	0	19,552
Computer costs	0	0	0	0	0	616
	0	0	0	0	1,693,911	1,872,590

NET INCOME (LOSS)	$(5,022)	$391,893	$235,468	$258,285	$1,301,895	$2,626,887
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)						
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)						$ 0.25(f)

(a) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income (loss) of the joint venture which owns the respective property; the pro forma adjustments result from rental revenues less operating expenses, management and leasing fees, and depreciation of the respective property.
(b) Rental income is recognized on a straight-line basis.
(c) Depreciation expense is based on the straight-line method and a 25-year life; depreciation expense commences when the property is placed in service.
(d) Interest expense is based on the $6,150,000 note payable which bears interest at 7%.
(e) Interest expense is based on the $7,000,000 note payable which bears interest at 7.4375%.
(f) As of the latest property acquisition date, September 20, 1999, Wells Real Estate Investment Trust, Inc. had 10,588,947 shares of common stock outstanding; the pro forma earnings per share amount is as if these shares were outstanding for the year ending December 31, 1998.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

STATEMENT OF INCOME

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 1999

(Unaudited)

	Wells Real Estate Investment Trust, Inc.	Vanguard	EYBL CarTex	Sprint
REVENUES:				
Rental income	$2,806,158	$87,071(a)	$ 0	$ 0
Equity in income of joint ventures	783,065	0	9,428(d)	183,914(d)
Interest income	407,067	0	0	0
	3,996,290	87,071	9,428	183,914
EXPENSES:				
Operating costs, net of reimbursements	359,112	0	0	0
Management and leasing fees	150,908	1,710	0	0
Depreciation	1,036,003	40,236(b)	0	0
Interest	0	33,866(c)	0	0
Administrative costs	91,016	0	0	0
Legal and accounting	78,637	0	0	0
Computer costs	8,182	0	0	0
	1,723,858	75,812	0	0
NET INCOME	$2,272,432	$ 11,259	$9,428	$183,914
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)	$ 0.37			
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				

	Johnson Matthey	Gartner	Videojet	Pro Forma Total
REVENUES:				
Rental income	$ 0	$ 0	$2,093,754(a)	$4,986,983

Equity in income of joint ventures	166,931(d)	194,078(d)	0	1,337,416
Interest income	0	0	0	407,067
	166,931	194,078	2,093,754	6,731,466
EXPENSES:				
Operating costs, net of reimbursements	0	0	0	359,112
Management and leasing fees	0	0	0	152,618
Depreciation	0	0	820,004(b)	1,896,243
Interest	0	0	363,863(e)	397,729
Administrative costs	0	0	0	91,016
Legal and accounting	0	0	0	78,637
Computer costs	0	0	0	8,182
	0	0	1,183,867	2,983,537
NET INCOME	$166,931	$194,078	$ 909,887	$3,747,929
HISTORICAL EARNINGS PER SHARE (BASIC AND DILUTED)				
PRO FORMA EARNINGS PER SHARE (BASIC AND DILUTED)				$ 0.35(f)

(a) Rental income is recognized on a straight-line basis.
(b) Depreciation expense is based on the straight-line method and a 25-year life; depreciation expense commences when the property is placed in service.
(c) Interest expense is based on the $6,150,000 note payable which bears interest at 7%.
(d) Reflects Wells Real Estate Investment Trust, Inc.'s equity in income of the joint venture which owns the respective property; the pro forma adjustments result from rental revenues less operating expenses, management and leasing fees, and depreciation of the respective property.
(e) Interest expense is based on the $7,000,000 note payable which bears interest at 7.4375%.
(f) As of the latest property acquisition date, September 20, 1999, Wells Real Estate Investment Trust, Inc. had 10,588,957 shares of common stock outstanding; the pro forma earnings per share amount is as if these shares were outstanding for the nine-month period ending September 30, 1999.

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 substantially similar to the Wells REIT. (See "Investment Objectives and Criteria.") All of the Wells Public Programs, except for the Wells REIT, have used a substantial amount 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 the "Prior Performance Summary" section of this prospectus.

Investors in the Wells REIT will not own any interest in the 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 in this Supplement to the Prospectus:

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, 1995. 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, 1998.

	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.
Dollar Amount Raised	$32,042,689/(3)/	$35,000,000/(4)/	$27,128,912/(5)/	$16,532,802/(6)/
Percentage Amount Raised	100.0%/(3)/	100.0%/(4)/	100%/(5)/	100%/(6)/
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	10.0%	9.5%
Organizational Expenses	5.0%	5.0%	5.0%	3.0%
Reserves/(1)/	0.0%	0.0%	0.0%	0.0%
Percent Available for Investment	85.0%	85.0%	85.0%	87.5%
Acquisition and Development Costs				
Prepaid Items and Fees related to Purchase of Property	.1%	2.0%	2.4%	
Cash Down Payment	80.0%	66.4%	42.1%	0.0%
Acquisition Fees/(2)/	4.5%	4.5%	4.5%	29.5%
Development and Construction Costs	.4%	10.1%	12.0%	3.5%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0%	0.0%
Total Acquisition and Development Cost	85.0%	83.0%	61.0%	33.0%
Percent Leveraged	0.0%	0.0%	0.0%	0.0%
Date Offering Began	01/06/95	01/05/96	12/31/96	12/31/97
Length of Offering	12 mo.	12 mo.	12 mo.	12mo.
Months to Invest 90% of Amount Available for Investment (Measured from Beginning of Offering)	17 mo.	14 mo.	19 mo.	/(7)/
Number of Investors as of 12/31/98	2,247	2,118	1,812	1,345

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(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 VIII, L.P. closed its offering on January 4, 1996, and the total dollar amount raised was $32,042,689.
(4) 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.

(5) 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.
(6) 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.
(7) As of December 31, 1998, Wells Real Estate Fund XI, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including acquisition fees paid but not yet associated with a specific property) at December 31, 1998 was 33% of the total dollar amount raised.

TABLE II
(UNAUDITED)

COMPENSATION TO SPONSOR

The following sets forth the compensation received by general partners or their 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, 1995. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1998.

	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.	Other Public Programs/(1)/
Date Offering Commenced	01/06/95	01/05/96	12/31/96	12/31/97	--
Dollar Amount Raised	$32,042,689	$35,000,000	$27,128,912	$16,532,802	$174,198,406
to Sponsor from Proceeds of Offering:					
Underwriting Fees/(2)/	$ 174,295	$ 309,556	$ 260,748	$ 151,911	$ 749,861
Acquisition Fees					
Real Estate Commissions	--	--	--		--
Acquisition and Advisory Fees/(3)/	$ 1,281,708	$ 1,400,000	$ 1,085,157	$ 578,648	$ 8,877,691
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(4)/	$ 5,898,456	$ 4,472,419	$ 2,100,001	$ 87,465	$ 31,156,353
Amount Paid to Sponsor from Operations:					
Property Management Fee/(1)/	$ 165,073	$ 82,791	$ 39,957	$ 6,267	$ 1,089,740
Partnership Management Fee	--	--	--	--	--
Reimbursements	$ 171,240	$ 72,803	$ 41,659	$ 14,623	$ 1,300,327
Leasing Commissions	$ 225,234	$ 174,185	$ 110,655	$ 17,559	$ 1,148,836
General Partner Distributions	--	--	--	--	15,205
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	--	--	--	--	--

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(1) Includes compensation paid to 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. and Wells Real Estate Fund VII, 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, 1998, the amount of such fees due the general partners totaled $2,283,808.

(2) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offerings of Wells Real Estate Funds VIII, IX, X, and XI, which were 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 $567,231 in net cash provided by operating activities, $4,769,678 in distributions to limited partners and $561,547 in payments to sponsor for Wells Real Estate Fund VIII, L.P.; $732,687 in net cash provided by operating activities, $3,409,953 in distributions to limited partners and $329,779 in payments to sponsor for Wells Real Estate Fund IX, L.P.; $500,687 in net cash provided by operating activities, $1,407,043 in distributions to limited partners and $192,271 in payments to sponsor for Wells Real Estate Fund X, L.P.; $50,858 in net cash used by operating activities, $99,874 in distributions to limited partners and $38,449 in payments to sponsor for Wells Restate Fund XI, L.P.; and $2,917,222 in net cash provided by operating activities, $24,700,228 in distributions to limited partners and $3,538,903 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, 1993. The information relates only to public programs with investment objectives similar to those of the partnership. All figures are as of December 31 of the year indicated.

TABLE III (UNAUDITED)
OPERATING RESULTS OF WELLS PROGRAMS
WELLS REAL ESTATE FUND VI, L.P.

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	$ 939,519	$ 884,802	$ 675,782	$ 1,002,567	$ 819,535
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	82,168	82,898	80,479	94,489	112,389
Depreciation and Amortization/(3)/	1,563	6,250	6,250	6,250	6,250
Net Income GAAP Basis/(4)/	$ 855,788	$ 795,654	$ 589,053	$ 901,828	700,896
Taxable Income: Operations	$1,206,968	$1,091,770	$ 809,389	$ 916,531	667,682
Cash Generated (Used By):					
Operations	(70,649)	(57,206)	(2,716)	278,728	276,376
Joint Ventures	1,829,428	1,500,023	1,044,891	766,212	203,543

	$1,758,779	$1,442,817	$1,042,175	$ 1,044,940	$ 479,919
Less Cash Distributions to Investors:					
Operating Cash Flow	1,745,626	1,442,817	1,042,175	1,044,940	245,800
Return of Capital		9,986	125,314	--	--
Undistributed Cash Flow from Prior Year Operations	13,153	--	$ 18,027	216,092	--
Cash Generated (Deficiency) after Cash Distributions	$ 13,153	$ (9,986)	(143,341)	$ (216,092)	$ 234,119
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	--	--	--	--	12,163,461
	$ 13,153	$ (9,986)	$ (143,341)	$ (216,092)	$12,397,580
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	--	1,776,909
Return of Original Limited Partner's Investment	--	--	--	--	--
Property Acquisitions and Deferred Project Costs	135,602	310,759	234,924	10,721,376	5,912,454
Cash Generated (Deficiency) after Cash Distributions and	$ (122,449)	$ (320,745)	$ (378,265)	$ (10,937,468)	$ 4,708,217
Special Items					
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	81	78	59	57	43
- Operations Class B Units	(280)	(247)	(160)	(60)	(12)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	80	75	56	56	41
- Operations Class B Units	(171)	(150)	(99)	(51)	(22)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	80	67	56	57	14
- Return of Capital Class A Units	--	--	--	4	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	80	67	50	61	14
- Return of Capital Class A Units	0	0	6	--	--
- Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

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(1) Includes $285,711 in equity in earnings of joint ventures and $533,824 from investment of reserve funds in 1994, $681,033 in equity in earnings of joint ventures and $321,534 from investment of reserve funds in 1995, $607,214 in equity in earnings of joint ventures and $68,568 from investment of reserve funds in 1996, $856,710 in equity in earnings of joint ventures and $28,092 from investment of reserve funds in 1997, and $928,000 in equity in earnings of joint ventures and $11,519 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 95%.

(2) Includes partnership administrative expenses.

(3) Included in equity in earnings of joint ventures in gross revenues is depreciation of $107,807 for 1994, $264,866 for 1995, $648,478 for 1996, $896,753 for 1997, and $917,224 for 1998.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $762,218 to Class A Limited Partners, $(62,731) to Class B Limited Partners and $1,409 to the General Partners for 1994; $1,172,944 to Class A Limited Partners, $(269,288) to Class B Limited Partners and $(1,828) to the General Partners for 1995; $1,234,717 to Class A Limited Partners, $(645,664) to Class B Limited Partners and $0 to the General Partners for 1996; $1,677,826 to Class A Limited Partners, $(882,172) to Class B Limited Partners and $0 to the General Partners for 1997; and $1,770,058 to Class A Limited Partners $(914,270) to Class B Limited Partners and $0 to the general partners for 1998.

TABLE III (UNAUDITED)
OPERATING RESULTS OF WELLS PROGRAMS
WELLS REAL ESTATE FUND VII, L.P.

1998	1997	1996	1995	1994

Gross Revenues/(1)/	$ 846,306	$ 816,237	$ 543,291	$ 925,246	$ 286,371
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	85,722	76,838	84,265	114,953	78,420
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	4,688
Net Income GAAP Basis/(4)/	$ 754,334	$ 733,149	$ 452,776	$ 804,043	$ 203,263
Taxable Income: Operations	$1,109,096	$1,008,368	$ 657,443	$ 812,402	$ 195,067
Cash Generated (Used By):					
Operations	(72,194)	(43,250)	20,883	431,728	47,595
Joint Ventures	1,770,742	1,420,126	760,628	424,304	14,243
	$1,698,548	$1,376,876	$ 781,511	$ 856,032	$ 61,838
Less Cash Distributions to Investors:					
Operating Cash Flow	1,636,158	1,376,876	781,511	856,032	52,195
Return of Capital	--	2,709	10,805	22,064	--
Undistributed Cash Flow from Prior Year Operations	--	--	--	9,643	--
Cash Generated (Deficiency) after Cash Distributions	$ 62,390	$ (2,709)	$ (10,805)	$ (31,707)	$ 9,643
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--	--	--	--	--
Increase in Limited Partner Contributions	$ --	$ --	$ --	$ 805,212	$23,374,961
	$ 62,390	$ (2,709)	$ (10,805)	$ 773,505	$23,384,604
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	$ 244,207	$ 3,351,569
Return of Original Limited Partner's Investment	--	--	--	100	--
Property Acquisitions and Deferred Project Costs	181,070	169,172	736,960	14,971,002	4,477,765
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ (118,680)	$ (171,881)	$(747,765)	$(14,441,804)	$15,555,270
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	85	86	62	57	29
- Operations Class B Units	(224)	(168)	(98)	(20)	(9)
Capital Gain (Loss)	--	--	--	--	--
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	82	78	55	55	28
- Operations Class B Units	(134)	(111)	(58)	(16)	17
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	81	70	43	52	7
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	81	70	42	51	7
- Return of Capital Class A Units	--	--	1	1	--
- Operations Class B Units	--	--	--	--	--
Source (on a Priority Distribution Basis)/(5)/					
- Investment income Class A Units	62	54	29	30	4
- Return of Capital Class A Units	19	16	14	22	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%				

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(1) Includes $78,799 in equity in earnings of joint ventures and $207,572 from investment of reserve funds in 1994, $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, and $839,037 in equity in earnings of joint ventures and $7,269 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 96% 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, and $955,245 for 1998.

(4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated $233,337 to Class A Limited Partners, $(29,854) to Class B Limited Partners and $(220) to the General Partner for 1994; $950,826 to Class A Limited Partners, $(146,503) to Class B Limited Partners and $(280) to the General Partners for 1995; $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; and $1,704,213 to Class A Limited Partners, $(949,879) to Class B Limited Partners and $0 to the General Partners for

1998.

(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, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $1,364,217.

TABLE III (UNAUDITED)
OPERATING RESULTS OF WELLS PROGRAMS
WELLS REAL ESTATE FUND VIII, L.P.

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	1,362,513	$ 1,204,018	$ 1,057,694	$ 402,428	N/A
Profit on Sale of Properties	--	--	--	--	
Less: Operating Expenses/(2)/	87,092	95,201	114,854	122,264	
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	
Net Income GAAP Basis/(4)/	1,269,171	$ 1,102,567	$ 936,590	273,914	
Taxable Income: Operations	1,683,192	$ 1,213,524	$ 1,001,974	404,348	
Cash Generated (Used By):					
Operations	(63,946)	7,909	623,268	204,790	
Joint Ventures	2,293,504	1,229,282	279,984	20,287	
	$ 2,229,558	$ 1,237,191	$ 903,252	225,077	
Less Cash Distributions to Investors:					
Operating Cash Flow	2,218,400	1,237,191	903,252	--	
Return of Capital	--	183,315	2,443	--	
Undistributed Cash Flow from Prior Year	--	--	225,077	--	
Operations	$ 11,158	$ (183,315)	$ (227,520)	225,077	
Cash Generated (Deficiency) after Cash Distributions					
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	
	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	1,850,859	10,675,811	7,931,566	6,618,273	
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(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	73	46	28	
- Operations Class B Units	(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	89	65	46	17	
- Operations Class B Units	(131)	(95)	(33)	(3)	
Capital Gain (Loss)	--	--	--	--	
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	83	54	43	--	
- Return of Capital Class A Units	--	--	--	--	
- Return of Capital Class B Units	--	--	--	--	
Source (on Cash Basis)					
- Operations Class A Units	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	67	42	33	--	
- Return of Capital Class A Units	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%				

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(1) Includes $28,377 in equity in earnings of joint ventures and $374,051 from investment of reserve funds in 1995, $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, and $1,346,367 in equity in earnings of joint ventures and $16,146 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% 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, and $1,157,355 for 1998.

(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; and $2,431,246 to Class A Limited Partners, $(1,162,075) to Class B Limited Partners and $0 to the General Partners for 1998.

(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, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $989,966.

TABLE III (UNAUDITED)
OPERATING RESULTS OF WELLS PROGRAMS
WELLS REAL ESTATE FUND IX, L.P.

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	$ 1,561,456	$ 1,199,300	$ 406,891	N/A	N/A
Profit on Sale of Properties	--	--	--		
Less: Operating Expenses/(2)/	105,251	101,284	101,885		
Depreciation and Amortization/(3)/	6,250	6,250	6,250		
Net Income GAAP Basis/(4)/	$ 1,449,955	$ 1,091,766	$ 298,756		
Taxable Income: Operations	$ 1,906,011	$ 1,083,824	$ 304,552		
Cash Generated (Used By):					
Operations	$ 80,147	$ 501,390	$ 151,150		
Joint Ventures	2,125,489	527,390	--		
	$ 2,205,636	$ 1,028,780	$ 151,150		
Less Cash Distributions to Investors:					
Operating Cash Flow	2,188,189	1,028,780	149,425		
Return of Capital	--	$ 41,834	$ --		
Undistributed Cash Flow From Prior Year Operations	--	1,725	--		
Cash Generated (Deficiency) after Cash Distributions	$ 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		
	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	9,455,554	13,427,158	6,544,019
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(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	88	53	28
- Operations Class B Units	(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	85	46	26
- Operations Class B Units	(123)	(47)	(48)
Capital Gain (Loss)	--	--	--
Cash Distributions to Investors:			
Source (on GAAP Basis)			
- Investment Income Class A Units	73	36	13
- Return of Capital Class A Units	--	--	--
- Return of Capital Class B Units	--	--	--
Source (on Cash Basis)			
- Operations Class A Units	73	35	13
- Return of Capital Class A Units	--	1	--
- Operations Class B Units	--	--	--
Source (on a Priority Distribution Basis)/(5)/			
- Investment Income Class A Units	61	29	10
- Return of Capital Class A Units	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%		

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(1) Includes $23,007 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, and $1,481,869 in equity in earnings of joint ventures and $79,587 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% 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, and $1,143,407 for 1998.

(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; and $2,597,938 to Class A Limited Partners, $(1,147,983) to Class B Limited Partners and $0 to the General Partners for 1998.

(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, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $609,724.

TABLE III (UNAUDITED)
OPERATING RESULTS OF WELLS PROGRAMS
WELLS REAL ESTATE FUND X, L.P.

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	$ 1,204,597	$ 372,507	N/A	N/A	N/A
Profit on Sale of Properties	--	--			
Less: Operating Expenses/(2)/	99,034	88,232			
Depreciation and Amortization/(3)/	55,234	6,250			
Net Income GAAP Basis/(4)/	$ 1,050,329	$ 278,025			
Taxable Income: Operations	$ 1,277,016	$ 382,543			
Cash Generated (Used By):					
Operations	300,019	$ 200,668			
Joint Ventures	886,846	--			
	1,186,865	$ 200,668			
Less Cash Distributions to Investors:					
Operating Cash Flow	1,186,865	--			
Return of Capital	19,510	--			
Undistributed Cash Flow From Prior Year Operations	200,668	--			
Cash Generated (Deficiency) after Cash Distributions	$ (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			
	$ (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	17,613,067	5,188,485			
Cash Generated (Deficiency) after Cash Distributions and Special Items	$(18,133,970)	$18,403,632			
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	85	28			
- Operations Class B Units	(123)	(9)			
Capital Gain (Loss)	--	--			
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	78	35			
- Operations Class B Units	(64)	0			
Capital Gain (Loss)	--	--			
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	66	--			
- Return of Capital Class A Units	--	--			
- Return of Capital Class B Units	--	--			
Source (on Cash Basis)					
- Operations Class A Units	56	--			
- Return of Capital Class A Units	10	--			
- Operations Class B Units	--	--			
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	48	--			
- Return of Capital Class A Units	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, $120,000 in rental income and $215,042 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% 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, and $674,986 for 1998.

(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, and $1,779,191 to Class A Limited Partners, $(728,524) to Class B Limited Partners and $(338) to General Partners for 1998.

(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, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $388,585.

TABLE III (UNAUDITED)
OPERATING RESULTS OF WELLS PROGRAMS
WELLS REAL ESTATE FUND XI, L.P.

	1998	1997	1996	1995	1994
Gross Revenues/(1)/	262,729	N/A	N/A	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses/(2)/	113,184				
Depreciation and Amortization/(3)/	6,250				
Net Income GAAP Basis/(4)/	$ 143,295				
Taxable Income: Operations	$ 177,692				
Cash Generated (Used By):					
Operations	(50,858)				
Joint Ventures	102,662				
	51,804				
Less Cash Distributions to Investors:					
Operating Cash Flow	51,804				
Return of Capital	48,070				
Undistributed Cash Flow From Prior Year Operations	--				
Cash Generated (Deficiency) after Cash Distributions	(48,070)				
Special Items (not including sales and financing):					
Source of Funds:					
General Partner Contributions	--				
Increase in Limited Partner Contributions	16,532,801				
	16,484,731				
Use of Funds:					
Sales Commissions and Offering Expenses	1,779,661				
Return of Original Limited Partner's Investment	--				
Property Acquisitions and Deferred Project Costs	5,412,870				
Cash Generated (Deficiency) after Cash Distributions and Special Items	$ 9,292,200				
Net Income and Distributions Data per $1,000 Invested:					
Net Income on GAAP Basis:					
Ordinary Income (Loss)					
- Operations Class A Units	50				
- Operations Class B Units	(77)				
Capital Gain (Loss)	--				
Tax and Distributions Data per $1,000 Invested:					
Federal Income Tax Results:					
Ordinary Income (Loss)					
- Operations Class A Units	18				
- Operations Class B Units	(17)				
Capital Gain (Loss)	--				
Cash Distributions to Investors:					
Source (on GAAP Basis)					
- Investment Income Class A Units	14				
- Return of Capital Class A Units	--				
- Return of Capital Class B Units	--				
Source (on Cash Basis)					
- Operations Class A Units	7				
- Return of Capital Class A Units	7				
- Operations Class B Units	--				
Source (on a Priority Distribution Basis)/(5)/					
- Investment Income Class A Units	11				

- Return of Capital Class A Units	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 $142,163 in equity in earnings of joint ventures and $120,566 from investment of reserve funds in 1998. At December 31, 1998, the leasing status was 99% 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.
(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.
(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, 1998, the aggregate amount of such priority distributions payable to Class B Limited Partners totalled $24,621.

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 "Bank of America, N.A., as Escrow Agent."

I hereby acknowledge receipt of the Prospectus of the Company dated December 20, 1999 (the "Prospectus").

I agree that if this subscription is accepted, it will be held, together with the accompanying payment, on the terms described in the Prospectus. Subscriptions may be rejected in whole or in part by the Company in its sole and absolute discretion.

Prospective investors are hereby advised of the following:

(a) The assignability and transferability of the Shares is restricted and will be governed by the Company's Articles of Incorporation and Bylaws and all applicable laws as described in the Prospectus.

(b) Prospective investors should not invest in Shares unless they have an adequate means of providing for their current needs and personal contingencies and have no need for liquidity in this investment.

(c) There will be no public market for the Shares, and accordingly, it may not be possible to readily liquidate an investment in the Company.

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 "BANK OF AMERICA, N.A., AS ESCROW AGENT." 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 $9.40 per Share purchased upon subscription. For the next six years following the year of subscription, you will have a 1% sales commission ($.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 a commission not to exceed 7% of any such additional investments in the Company.
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 all 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 a commission not to exceed 7% of any reinvested dividends.
		b.	DIVIDEND ADDRESS: If cash dividends are to be sent to an address other 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.
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:
Bank of America, N.A.
as Escrow Agent

[ ] Initial Investment (Minimum $1,000)
[ ] Additional Investment (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

(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 following box to participate in the Dividend Reinvestment Plan: []

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.( )

Broker-Dealer Street Address or P.O. Box _____

City _____ State _____ Zip Code _____

_____ _____

Broker-Dealer Name Signature, if required | Registered Representative Name Signature

Please mail completed Subscription Agreement (with all signatures) and check(s) made payable to

Bank of America, N.A., as Escrow Agent to:
WELLS INVESTMENT SECURITIES, INC.
Suite 250
6200 The Corners Parkway
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.

ALPHABETICAL INDEX

Until March 19, 2000 (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. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus creates an implication 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 20,000,000 Shares
Of Common Stock
Offered to the Public

PROSPECTUS

WELLS INVESTMENT
SECURITIES, INC.

December 20, 1999

WELLS REAL ESTATE INVESTMENT TRUST, INC.
SUPPLEMENT NO. 2 DATED MARCH 15, 2000 TO THE PROSPECTUS
DATED DECEMBER 20, 1999

This document supplements, and should be read in conjunction with, the prospectus of Wells Real Estate Investment Trust, Inc. dated December 20, 1999. This Supplement includes the information in and supersedes Supplement No. 1 dated January 5, 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 of common stock of Wells Real Estate Investment Trust, Inc. (Wells REIT);

(2) The acquisition of an office building in Plano, Texas (Cinemark Building);

(3) The acquisition of an office building in Tulsa, Oklahoma (Metris Building);

(4) The increase in the credit limit of the Bank of America loan;

(5) The status of the Matsushita project;

(6) The status of the ABB Richmond project;

(7) Revisions to the "Description of Shares - Share Redemption Program" section of the prospectus;

(8) Revisions to the "Plan of Distribution" section of the prospectus;

(9) Revisions to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the prospectus; and

(10) Unaudited pro forma financial statements of the Wells REIT relating to the Cinemark Building and the Metris 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 20, 1999. We received approximately $132,181,919 in gross offering proceeds from the sale of 13,218,192 shares in our initial public offering.

Pursuant to the prospectus, we commenced a second offering of common stock on December 20, 1999. As of March 10, 2000, we had received an additional $25,512,223 in gross offering proceeds from the sale of 2,551,222 shares in the second offering. Accordingly, as of March 10, 2000, we had received in the aggregate approximately $157,633,352 in gross offering proceeds from the sale of 15,763,335 shares of our common stock.

The Cinemark Building

Purchase of the Cinemark Building. On December 21, 1999, Wells Operating Partnership, L.P. (Wells OP), our operating partnership, purchased a five story office building with approximately 118,108 rentable square feet located in Plano, Collin County, Texas from CNMRK HQ Investors, L.P., a Texas limited partnership (CNMRK), pursuant to that certain Agreement of Purchase and Sale of Property between CNMRK and Wells OP. CNMRK is not in any way affiliated with the Wells REIT or its advisor.

The purchase price paid for the Cinemark Building was $21,800,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Cinemark Building, including attorneys' fees, appraisal fees and other closing costs, of approximately $26,900. The $21,826,900 required to close the Cinemark Building consisted of $13,626,900 in cash funded from a capital contribution by the Wells REIT and $8,200,000 in loan proceeds obtained from a revolving credit facility established with SouthTrust Bank, N.A. (SouthTrust Loan) whereby SouthTrust has agreed to loan up to $15,200,000 to Wells OP for acquisitions of real property.

Description of the SouthTrust Loan. The SouthTrust Loan requires monthly payments of interest only and matures on December 31, 2000. The interest rate on the SouthTrust Loan is an annual variable rate equal to the London InterBank Offered Rate for a thirty day period plus 200 basis points. The current interest rate under the SouthTrust Loan is 8.00%. The SouthTrust Loan is secured by a first mortgage against the PWC Building, which was purchased by Wells OP on December 31, 1998. As of March 10, 2000, the outstanding principal balance of the SouthTrust Loan was $2,320,000.

Description of the Building and the Site. The Cinemark Building is a five story office building containing approximately 118,108 rentable square feet. The Cinemark Building, which was completed in September 1999, has a brick exterior and the interior is a high quality design with use of marble and glass in the lobby areas.

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. The landlord's interest in these two leases were assigned to Wells OP at closing.

An independent appraisal of the Cinemark Building was prepared by CB Richard Ellis, Inc., real estate appraisers, as of December 2, 1999, pursuant to which the market value of the land and the leased fee interest subject to the Cinemark and Coca-Cola leases was estimated to be $21,900,000. This value estimate was based upon a number of assumptions, including that the Cinemark Building will continue operating at a stabilized level with Cinemark and Coca-Cola 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 prior to closing evidencing that the environmental condition of the land and the Cinemark Building were satisfactory.

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 North Dallas Tollway.

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. Collin County has experienced significant growth during the 1990s with 20% of its growth occurring in 1997. Plano is the nation's fifth fastest growing city among those cities with a population of 100,000 or more. Corporate relocations, new business start-ups, good schools and affordable new housing are a few of the qualities that are attracting residents to Plano.

The Cinemark Lease. Cinemark occupies 66,024 square feet of the 118,108 total rentable square feet of the Cinemark Building pursuant to a lease agreement dated December 21, 1999. 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 renew the lease for two additional periods of time upon 180 days notice. The first renewal term shall be for five years and the second renewal term shall be for ten years.

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. During fiscal year 1998, Cinemark had net income of $11 million on revenues of over $571 million and a net worth of nearly $76 million.

The base rent payable for the Cinemark lease and first renewal term is as follows:

Lease Year	Yearly Base Rent	Monthly Base Rent
1-7	$1,366,491.25	$113,874.27
8-10	$1,481,737.50	$123,478.13
11-15	$1,567,349.00	$130,612.42

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.

Under the Cinemark lease, Cinemark is required to pay as additional monthly rent its pro-rata share of all electricity costs and all operating costs, including, but not limited to, garbage and waste disposal, janitorial service, security, insurance premiums, real estate taxes, assessments and other governmental levies and such other operating costs with respect to the Cinemark Building as are consistent with other owners of first-class office buildings in Plano, Texas. In addition, Cinemark is responsible for all routine maintenance and repairs to its portion of the Cinemark Building. Wells OP, as landlord, is responsible for maintaining the common and service areas of the Cinemark Building and the repair and replacement of the roof, foundation, exterior windows, load bearing items, exterior surface walls, plumbing, pipes and conduits located in the common and service areas, central heating, ventilation and air conditioning systems, and electrical, mechanical and plumbing systems of the Cinemark Building.

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.

The Coca-Cola Lease. Coca-Cola occupies the remaining 52,084 square feet of the 118,108 total rentable square feet of the Cinemark Building pursuant to a lease agreement dated April 27, 1999. The initial term of the Coca-Cola lease is seven years which commenced on December 1, 1999 and expires on November 30, 2006. Coca-Cola has the right to renew the lease for one additional five year period of time. Coca-Cola must give written notice of its intention to exercise the renewal option at least 240 days before the expiration of the lease term.

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. Approximately 70% of Coca-Cola's volume and 80% of its profits come from outside the United States. The company and its subsidiaries employ nearly 30,000 people around the world. During the fiscal year 1998, Coca-Cola reported net income of in excess of $3.5 billion on revenues in excess of $18.8 billion and a net worth of in excess of $8.4 billion.

The base rent payable for the Coca-Cola lease term is as follows:

Lease Year	Yearly Base Rent	Monthly Base Rent
1	$1,250,016	$104,168.00
2	$1,302,100	$108,508.33
3	$1,354,184	$112,848.66
4	$1,406,268	$117,189.00

5	$1,458,352	$121,529.33
6	$1,510,436	$125,869.66
7	$1,562,520	$130,210.00

Within 30 days of the delivery of the renewal notice by Coca-Cola, Wells OP shall notify Coca-Cola of 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 notify Wells OP of its intent to renew the lease within 30 days of delivery of the rental notice by Wells OP.

Under the Coca-Cola lease, Coca-Cola is required to pay as additional monthly rent its pro-rata share of all electricity costs and all operating costs, including, but not limited to, garbage and waste disposal, janitorial service, security, insurance premiums, real estate taxes, assessments and other governmental levies and such other operating costs with respect to the Cinemark Building as are consistent with other owners of first-class office buildings in Plano, Texas. In addition, Coca-Cola is responsible for all routine maintenance and repairs to its portion of the Cinemark Building. Wells OP, as landlord, is responsible for maintaining the common and service areas of the Cinemark Building and the repair and replacement of the roof, foundation, exterior windows, load bearing items, exterior surface walls, plumbing, pipes and conduits located in the common and service areas, central heating, ventilation and air conditioning systems, and electrical, mechanical

and plumbing systems of the Cinemark Building.

Property Management Fees. Wells Management Company, Inc. (Wells Management), an affiliate of the advisor, has been retained to manage and lease the Cinemark Building. Wells OP will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Cinemark Building.

The Metris Building

Purchase of the Metris Building. On February 11, 2000, Wells OP purchased a three story office building with approximately 101,100 rentable square feet located in Tulsa, Tulsa County, Oklahoma from Meridian Tulsa, L.L.C., an Oklahoma limited liability company (Meridian), pursuant to that certain Agreement of Purchase and Sale of Property between Meridian and Wells Capital, Inc., an affiliate of Wells OP. At the closing, Wells Capital, Inc. assigned the contract to Wells OP. Meridian is not in any way affiliated with the Wells REIT or its advisor.

The purchase price paid for the Metris Building was $12,700,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Metris Building, including loan closing fees, attorneys' fees, appraisal fees and other closing costs, of approximately $40,000. The $12,740,000 required to close the Metris Building consisted of $4,740,000 in cash funded from a capital contribution by the Wells REIT and $8,000,000 in loan proceeds from an existing revolving credit facility (Metris Loan).

Description of the Metris Loan. The Metris Loan was originally established by Meridian with Richter-Schroeder Company, Inc., the predecessor in interest to M&I Marshall Ilsley, a Wisconsin banking corporation (M&I), in connection with Meridian's purchase of the Metris Building on April 8, 1999. Wells OP assumed and extended the original three-year term loan entered into by Meridian. 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 London InterBank Offered Rate for a thirty day period plus 175 basis points. The current interest rate under the Metris Loan is 7.75% per annum. The Metris Loan is secured by a first mortgage against the Metris Building, which was granted in connection with Meridian's original purchase of the Metris Building, and assumed by Wells OP on the date of closing.

Description of the Building and the Site. The Metris Building is a three story office building containing approximately 101,100 rentable square feet. The Metris Building, which was completed on January 14, 2000, utilizes a blend of 70% tinted glass and 30% masonry. The first floor features a two story atrium, daycare, cafeteria and conference facilities.

An independent appraisal of the Metris Building was prepared by Gray-Lawrence-Ard and Associates, Incorporated, real estate appraisers, as of March 11, 1999, pursuant to which the market value of the land and the leased fee interest subject to the Metris lease (as described below) was estimated to be $12,900,000. This value estimate was based upon a number of assumptions, including that the Metris 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 from A&M Engineering and Environmental Services, Inc. prior to closing evidencing that the environmental condition of the land and the Metris Building were satisfactory.

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. State Farm has a 250,000 square foot facility within the development and the remaining land is being marketed as sites for office, hotel and retail uses. Adjacent to the Silos Corporate Center are offices for MetLife, the County of Tulsa and light industrial buildings occupied by UPS and Ford Motor Company.

Tulsa's central location within the United States makes it well suited for the rapidly expanding telecommunications and fiber optics industry, as well as major operations of regional companies. In 1998, the population in Tulsa was approximately 775,000 people. Tulsa's economy has continued to grow since the collapse of the oil industry in the mid-1980s due to the ability of Tulsa's government and business sectors to attract and promote new industry and to expand existing industry.

The Metris Lease. Metris occupies all 101,100 square feet of the Metris Building pursuant to a lease agreement dated March 3, 1999, as amended on January 21, 2000. 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 renew the lease for two additional five year periods upon one year's advance notice.

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. 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.

On December 31, 1998, Metris Companies had approximately $3.0 million in credit card accounts with over $5.3 billion in managed credit card loans. As of December 31, 1998, Metris Companies had net income of $56 million on revenues of approximately $313 million and a net worth of approximately $433 million.

The base rent payable for the Metris lease is as follows:

Lease Year	Yearly Base Rent	Monthly Base Rent
1-5	$1,187,925.00	$ 98,993.75
6-10	$1,306,717.50	$108,893.13

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 twelve (12) months prior to commencement of the renewal term. If the parties are unable to agree upon the market rate within eleven (11) months prior to commencement of the renewal term, the market rate shall then be determined by arbitration.

Under the Metris lease, Metris is required to pay as additional monthly rent all electricity costs and all operating costs, including, but not limited to, garbage and waste disposal, janitorial service, security, insurance premiums, ad valorem real estate taxes, assessments and other governmental levies and such other operating costs with respect to the Metris Building. In addition, Metris is responsible for all routine maintenance and repairs to the Metris Building. Metris is responsible for maintaining the common and service areas of the Metris Building and the repair and replacement of the roof, foundation, exterior windows, load bearing items, exterior surface walls, plumbing, pipes and conduits located in the common and service areas, central heating, ventilation and air conditioning systems, and electrical, mechanical and plumbing systems of the Metris Building.

Property Management Fees. Wells Management, an affiliate of the advisor, has also been retained to manage and lease the Metris Building. Wells OP will pay management and leasing fees to Wells Management in the amount of 4.5% of gross revenues from the Metris Building.

The Increase in the Credit Limit of the BOA Loan

On February 4, 1999, Wells OP obtained a loan in the amount of $6,425,000 from Bank of America, N.A. (BOA Loan), the net proceeds of which were used to fund a portion of the purchase price of the AT&T Building (formerly the Vanguard Cellular Building). 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 February 1, 2001. The interest rate on the BOA Loan is a variable rate per annum equal to the London InterBank Offered Rate for a thirty day period plus 200 basis points. The current interest rate under the BOA Loan is 8.00% per annum. The BOA Loan is secured by first mortgages against both the AT&T Building and the Videojet Building.

The Status of the Matsushita Project

As of March 10, 2000, Wells OP had spent approximately $18,100,000 towards the construction of the approximately 130,000 square foot office building in Lake Forest, California. The Matsushita project is substantially complete, and the aggregate of all costs and expenses to be incurred by Wells OP with respect to the acquisition and construction of the Matsushita project is not expected to exceed the budget of $18,400,000.

The Status of the ABB Richmond Project

As of March 10, 2000, Wells REIT, LLC - VA I (Wells LLC), a limited liability company wholly owned by Wells OP, had spent approximately $5,775,000 towards the construction of the approximately 100,000 square foot office building in Richmond, Virginia. The ABB Richmond project is approximately 50% complete and is expected to be completed in June 2000. We estimate that the aggregate costs and expenses to be incurred by Wells LLC with respect to the acquisition and construction of the ABB Richmond project will total approximately $11,560,000.

Description of Shares - Share Redemption Program

The second full paragraph on page 136 in the "Description of Shares - Share Redemption Program" section of the prospectus is revised by substituting 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, the board of directors reserves the right to reject any request for redemption and to change the purchase price or amend the terms of our share redemption program in its sole discretion at any time and from time to time as it deems appropriate.

Plan of Distribution

The information on page 148 in the "Plan of Distribution" section of the prospectus is revised by the addition of the following paragraph prior to the first full paragraph on that page:

> In the event that a shareholder electing the deferred commission option sells his shares pursuant to our share redemption program or otherwise prior to the satisfaction of the remaining commission obligations, the obligation of the Wells REIT and such selling shareholder 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 any such sale.

Management's Discussion and Analysis of Financial Condition and Results of Operation

The information contained on page 97 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 paragraph of that section and the insertion of the following paragraph in lieu thereof:

> 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 20, 1999. Of the $132,181,919 raised in the initial offering, we

invested a total of $111,032,812 in properties.

Pursuant to the prospectus, we commenced this second offering of shares of our common stock on December 20, 1999. As of March 10, 2000, we had received an additional $25,512,223 in gross offering proceeds from the sale of 2,551,222 shares in the second offering.

As of March 10, 2000, we had received in the aggregate approximately $157,633,352 in gross offering proceeds from the sale of 15,763,335 shares of our common stock. Out of this amount, we paid $5,517,167 in acquisition and advisory fees and expenses, paid $19,704,169 in selling commissions and organizational and offering

expenses, invested $126,672,631 in properties and were holding net offering proceeds of $5,741,385 available for investment in additional properties.

Financial Statements and Exhibits

The pro forma balance sheet of the Wells REIT as of September 30, 1999 relating to the Cinemark Building and the Metris Building, which is included as part of this supplement, has not been audited.

INDEX TO FINANCIAL STATEMENTS

WELLS REAL ESTATE INVESTMENT TRUST, INC.

UNAUDITED PRO FORMA BALANCE SHEET

On December 21, 1999, pursuant to the Agreement of Purchase and Sale of Property between CNMRK, the seller, and Wells Operating Partnership, L.P. ("Wells OP"), Wells OP purchased the Cinemark Building. 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 Wells OP. CNMRK is not in any way affiliated with Wells OP or its advisor, Wells Capital, Inc., an affiliate of Wells OP.

The Cinemark Building is located in Plano, Texas, and is a five-story office building containing approximately 118,108 rentable square feet. The Cinemark Building was completed in September 1999. The purchase price of the Cinemark Building was $21,800,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Cinemark Building, including attorneys' fees, appraisal fees, and other closing costs, of approximately $26,900. In order to finance a portion of the purchase price, Wells OP borrowed $8,200,000 from a revolving credit facility established with SouthTrust Bank, N.A. ("SouthTrust"). The SouthTrust loan requires monthly payments of interest only and matures on December 31, 2000. The interest on the SouthTrust loan is an annual variable rate equal to the London InterBank Offered Rate for a 30-day period plus 200 basis points. The current interest rate on the SouthTrust loan is 8%.

On February 11, 2000, Wells OP purchased a three-story office building with approximately 101,100 rentable square feet located in Tulsa, Tulsa County,

Oklahoma, from Meridian Tulsa, L.L.C. ("Meridian"), an Oklahoma limited liability company, pursuant to that certain Agreement of Purchase and Sale of Property. Meridian is not in any way affiliated with Wells OP or its advisor. The Metris Building was completed on January 14, 2000. The purchase price paid for the Metris Building was $12,700,000. Wells OP also incurred additional acquisition expenses in connection with the purchase of the Metris Building, including loan closing fees, attorneys' fees, and other closing costs of approximately $40,000. In order to finance a portion of the purchase price, Wells OP assumed and extended the original three-year term loan entered into by Meridian in the amount of $8,000,000 from a revolving credit facility ("Metris Loan") established with Richter-Schroeder Company, Inc., the predecessor in interest to M&I Marshall Ilsley, a Wisconsin banking corporation. 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 London InterBank Offered Rate for a 30-day period plus 175 basis points. The current interest rate under the Metris Loan is 7.75%. The Metris Loan is secured by a first mortgage against the Metris Building.

As of September 30, 1999, the date of the accompanying pro forma balance sheet, Wells OP held cash of approximately $2,850,000. The additional proceeds used to purchase the Cinemark Building and the Metris Building were raised through the issuance of additional shares subsequent to September 30, 1999 but prior to the acquisition of the Cinemark Building and the Metris Building. This balance is reflected in due to affiliates in the accompanying pro forma balance sheet.

The following unaudited pro forma balance sheet as of September 30, 1999 has been prepared to give effect to the acquisition of the Cinemark Building and the Metris Building by Wells OP as if the acquisitions occurred on September 30, 1999.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

PRO FORMA BALANCE SHEET

SEPTEMBER 30, 1999

(Unaudited)

ASSETS

	Wells Real Estate Investment Trust, Inc.	Pro Forma Adjustments: Cinemark Building	Pro Forma Adjustments: Metris Building	Pro Forma Total
REAL ESTATE, at cost:				
Land	$ 12,984,155	$ 1,456,000 (a) 60,667 (b)	$ 1,150,000 (a) 47,917 (b)	$ 15,698,739
Building and improvements, less accumulated depreciation of $1,036,033	66,019,334	20,370,900 (a) 845,807 (b)	11,590,333 (a) 481,254 (b)	99,307,628
Total real estate	79,003,489	22,733,374	13,269,504	115,006,367
INVESTMENTS IN JOINT VENTURES	29,617,140	0	0	29,617,140
DUE FROM AFFILIATES	546,602	0	0	546,602
CASH AND CASH EQUIVALENTS	2,850,263	(2,850,263)(a)	0	0
DEFERRED PROJECT COSTS	19,431	(19,431)(b)	0	0
DEFERRED OFFERING COSTS	749,369	0	0	749,369
PREPAID EXPENSES AND OTHER ASSETS	946,847	0	(250,000)(a)	696,847
Total assets	$113,733,141	$19,863,680	$13,019,504	$146,616,325
LIABILITIES AND SHAREHOLDERS' EQUITY				
ACCOUNTS PAYABLE	$ 513,993	$ 0	$ 0	$ 513,993
NOTES PAYABLE	16,926,057	8,200,000 (a)	8,000,000 (a)	33,126,057
DUE TO AFFILIATES	838,493	10,776,637 (a) 887,043 (b)	4,490,333 (a) 529,171 (b)	17,521,677
DIVIDENDS PAYABLE	1,645,122	0	0	1,645,122
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000	0	0	200,000

Total liabilities	20,123,665	19,863,680	13,019,504	53,006,849
COMMON SHARES, $.01 par value; 40,000,000 shares authorized, 10,846,930 shares issued and outstanding	108,469	0	0	108,469
ADDITIONAL PAID-IN CAPITAL	90,894,541	0	0	90,894,541
RETAINED EARNINGS	2,606,466	0	0	2,606,466
Total shareholders' equity	93,609,476	0	0	93,609,476
Total liabilities and shareholders' equity	$113,733,141	$19,863,680	$13,019,504	$146,616,325

(a) Reflects Wells Real Estate Investment Trust, Inc.'s purchase price related to the building.

(b) Reflects deferred project costs allocated to the building at approximately 4.17% of the purchase price.

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. 333-83933.

Item 36 Financial Statements and Exhibits.

(a) Financial Statements:

The following financial statements of Wells Real Estate Investment Trust, Inc. 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, 1998 and December 31, 1997,
(3) Consolidated Statement of Income for the year ended December 31, 1998,
(4) Consolidated Statement of Stockholders' Equity for the year ended December 31, 1998,
(5) Consolidated Statement of Cash Flows for the year ended December 31, 1998, and
(6) Notes to Consolidated Financial Statements.

Interim (Unaudited) Financial Statements

(1) Balance Sheets as of September 30, 1999 and December 31, 1998,
(2) Statements of Income for the three months ended September 30, 1999 and 1998, the nine months ended September 30, 1999 and the four months ended September 30, 1998,
(3) Statements of Shareholders' Equity for the nine months ended September 30, 1999 and the year ended December 31, 1998,
(4) Statements of Cash Flows for the nine months ended September 30, 1999 and the four months ended September 30, 1998, and
(5) Condensed Notes to Financial Statements.

The following financial statements of Fund IX and X Associates

are filed as part of this Registration Statement and are included in the Prospectus:

(1) Report of Independent Public Accountants,
(2) Balance Sheets as of March 31, 1998 (Unaudited) and December 31, 1997 (Audited),
(3) Statements of Income (Loss) for the three months ended March 31, 1998 (Unaudited) and the period from inception (March 20, 1997) to December 31, 1997 (Audited),

(4) Statements of Partners' Capital for the three months ended March 31, 1998 (Unaudited) and the period from inception (March 20, 1997) to December 31, 1997 (Audited),
(5) Statements of Cash Flows for the three months ended March 31, 1998 (Unaudited) and the period from inception (March 20, 1997) to December 31, 1997 (Audited), and
(6) Notes to Financial Statements.

The following financial statements relating to the acquisition of the Lucent Building by the Fund IX-X-XI-REIT Joint Venture are filed as part of this Registration Statement and are included in the Prospectus:

(1) Statement of Revenues Over Certain Operating Expenses for the three months ended March 31, 1998 (Unaudited), and
(2) Notes to Statement of Revenues Over Certain Operating Expenses for the three months ended March 31, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Iomega Building by the Fund IX-X-XI-REIT Joint Venture 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, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Fairchild Building by Wells/Fremont Associates 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, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Cort Furniture Building by Wells/Orange County Associates 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, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1997 (Audited) and for the six months ended June 30, 1998 (Unaudited).

The following financial statements relating to the acquisition of the Vanguard Cellular Building by Wells Operating Partnership, L.P. 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 period from inception (November 16, 1998) to December 31, 1998, and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the period from inception (November 16, 1998) to December 31, 1998.

The following financial statements relating to the acquisition of the EYBL CarTex Building by the Fund XI-FundXII-REIT Joint Venture 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, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited).

The following financial statements relating to the acquisition of the Sprint Building by the Fund XI-FundXII-REIT Joint Venture 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, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the three months ended March 31, 1999 (Unaudited).

The following financial statements relating to the acquisition of the Johnson Matthey Building by the Fund XI-FundXII-REIT Joint Venture 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, 1998 (Audited) and for the six months ended June 30, 1999 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the six months ended June 30, 1999 (Unaudited).

The following financial statements relating to the acquisition of

the Videojet Building by Wells OP 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, 1998 (Audited) and for the six months ended June 30, 1999 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the six months ended June 30, 1999 (Unaudited).

The following financial statements relating to the acquisition of the Gartner Building by the Fund XI-FundXII-REIT Joint Venture 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, 1998 (Audited) and for the six months ended June 30, 1999 (Unaudited), and
(3) Notes to Statement of Revenues Over Certain Operating Expenses for the year ended December 31, 1998 (Audited) and for the six months ended June 30, 1999 (Unaudited).

The following unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. 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, 1999,
(3) Pro Forma Statement of Income for the year ended December 31, 1998, and
(4) Pro Forma Statement of Income for the nine month period ended September 30, 1999.

The following unaudited pro forma financial statements of Wells Real Estate Investment Trust, Inc. relating to the Cinemark Building and the Metris Building are filed as part of this Registration Statement and are included in Supplement No. 2 to the Prospectus:

(1) Summary of Unaudited Pro Forma Balance Sheet, and
(2) Pro Forma Balance Sheet as of September 30, 1999.

(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 the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 3, 1999)
1.2	Form of Warrant Purchase Agreement (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 3, 1999)
3.1	Amended and Restated Articles of Incorporation (previously filed in and incorporated by reference to the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on July 28, 1999)

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)

4.2 Amended and Restated Dividend Reinvestment Plan (included as Exhibit B 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 the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 3, 1999)

8.1 Opinion of Holland & Knight LLP as to tax matters (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 3, 1999)

8.2 Opinion of Holland & Knight LLP as to ERISA matters (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 3, 1999)

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 Escrow Agreement between Registrant and Bank of America, N.A. (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 3, 1999)

10.3 Advisory Agreement dated January 30, 1999 (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)

10.4 Management Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on July 28, 1999)

10.5 Leasing and Tenant Coordinating Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on July 28, 1999)

10.6 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 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.7 Lease Agreement for the ABB Building (previously filed as Exhibit

10(kk) and incorporated by reference to Post-Effective Amendment No. 13 to Form S-11 Registration Statement of Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., Commission File No. 33-83852, filed on December 27, 1996)

10.8 Net Lease Agreement for the Lucent Building (previously filed as Exhibit 10(l) and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., Commission File No. 333-7979, filed on June 17, 1997)

10.9 First Amendment to Net Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)

10.10 Lease Agreement for the Iomega 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. 333-32099, filed on August 14, 1998)

10.11 Joint Venture Agreement of Wells/Fremont Associates (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. 333-32099, filed on August 14, 1998)

10.12 Lease Agreement for the Fairchild 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. 333-32099, filed on August 14, 1998)

10.13 Joint Venture Agreement of Wells/Orange County Associates (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. 333-32099, filed on August 14, 1998)

10.14 Amended and Restated Promissory Note for $15,500,000 relating to the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.15 Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents securing the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.16 Lease Agreement for the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.17 Promissory Note for $6,425,000 to Bank of America, N.A. relating to the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.18 Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement securing the AT&T Building

(formerly the Vanguard Cellular Building) (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)

10.19 Build-To-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.20 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.21 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.22 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.23 Development Agreement for the Matsushita Project (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)

10.24 Office Lease for the Matsushita Project (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)

10.25 Guaranty of Lease for the Matsushita Project (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)

10.26 Rental Income Guaranty Agreement relating to the Bake Parkway Building (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)

10.27 Agreement of Sale and Purchase relating to the EYBL CarTex Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 15, 1999)

10.28 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)

10.29 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)

10.30 Agreement for the Purchase and Sale of Real Property for the ABB Richmond Property (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)

10.31 Development Agreement for the ABB Richmond Project (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)

10.32 Owner-Contractor Agreement for the ABB Richmond Project (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)

10.33 Lease Agreement for the ABB Richmond Project (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)

10.34 Second Amendment to Lease Agreement for the ABB Richmond Project (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)

10.35 Agreement for Purchase and Sale for the Videojet 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)

10.36 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)

10.37 Advisory Agreement dated January 30, 2000

10.38 Agreement for the Purchase and Sale of Property for the Cinemark Building

10.39 Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building

10.40 Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building

10.41 Agreement for the Purchase and Sale of Property for the Metris Building

10.42 Assumption and Modification Agreement for the Metris Loan

10.43 Lease Agreement for the Metris Building

10.44 Promissory Note for $26,725,000 for the Bank of America Loan

10.45	Mortgage, Assignment and Security Agreement for the Videojet Building securing the Bank of America Loan
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1, 8.1 and 8.2)
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. 1 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 8th day of March, 2000.

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. 1 to Registration Statement has been signed below on March 8, 2000 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 (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 Bud Carter (By Douglas P. Williams, as Attorney-in-Fact)	*	Director
/s/ William H. Keogler, Jr. William H. Keogler, Jr. (By Douglas P. Williams, as Attorney-in-Fact)	*	Director
/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 July 30, 1999 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 the Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on November 3, 1999)
1.2	Form of Warrant Purchase Agreement (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 3, 1999)
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. 333-83933, filed on July 28, 1999)
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)
4.2	Amended and Restated Dividend Reinvestment Plan (included as Exhibit B to Prospectus)
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10.2	Escrow Agreement between Registrant and Bank of America, N.A. (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 3, 1999)
10.3	Advisory Agreement dated January 30, 1999 (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)
10.4	Management Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on July 28, 1999)
10.5	Leasing and Tenant Coordinating Agreement between Registrant and Wells Management Company, Inc. (previously filed in and incorporated by reference to Registrant's Registration Statement on Form S-11, Commission File No. 333-83933, filed on July 28, 1999)
10.6	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 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
10.7	Lease Agreement for the ABB Building (previously filed as Exhibit 10(kk) and incorporated by reference to Post-Effective Amendment No. 13 to Form S-11 Registration Statement of Wells Real Estate Fund VIII, L.P. and Wells Real Estate Fund IX, L.P., Commission File No. 33-83852, filed on December 27, 1996)
10.8	Net Lease Agreement for the Lucent Building (previously filed as Exhibit 10(l) and incorporated by reference to Post-Effective Amendment No. 2 to Form S-11 Registration Statement of Wells Real Estate Fund X, L.P. and Wells Real Estate Fund XI, L.P., Commission File No. 333-7979, filed on June 17, 1997)
10.9	First Amendment to Net Lease Agreement for the Lucent Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 9, 1998)
10.10	Lease Agreement for the Iomega 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. 333-32099, filed on August 14, 1998)
10.11	Joint Venture Agreement of Wells/Fremont Associates (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. 333-32099, filed on August 14, 1998)
10.12	Lease Agreement for the Fairchild 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. 333-32099, filed on August 14, 1998)

10.13 Joint Venture Agreement of Wells/Orange County Associates (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. 333-32099, filed on August 14, 1998)

10.14 Amended and Restated Promissory Note for $15,500,000 relating to the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.15 Amendment No. 1 to Mortgage and Security Agreement and other Loan Documents securing the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.16 Lease Agreement for the PWC Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 4 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on January 15, 1999)

10.17 Promissory Note for $6,425,000 to Bank of America, N.A. relating to the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.18 Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement securing the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.19 Build-To-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.20 Amendment No. 1 to Build-To-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.21 Amendment No. 2 to Build-To-Suit Office Lease Agreement for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.22 Build-To-Suit Office Lease Agreement Guaranty Payment and Performance for the AT&T Building (formerly the Vanguard Cellular Building) (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)

10.23 Development Agreement for the Matsushita Project (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)
10.24	Office Lease for the Matsushita Project (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)
10.25	Guaranty of Lease for the Matsushita Project (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)
10.26	Rental Income Guaranty Agreement relating to the Bake Parkway Building (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)
10.27	Agreement of Sale and Purchase relating to the EYBL CarTex Building (previously filed in and incorporated by reference to Post-Effective Amendment No. 6 to the Registrant's Registration Statement on Form S-11, Commission File No. 333-32099, filed on July 15, 1999)
10.28	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 3, 1999)
10.29	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)
10.30	Agreement for the Purchase and Sale of Real Property for the ABB Richmond Property (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)
10.31	Development Agreement for the ABB Richmond Project (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)
10.32	Owner-Contractor Agreement for the ABB Richmond Project (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)
10.33	Lease Agreement for the ABB Richmond Project (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)
10.34	Second Amendment to Lease Agreement for the ABB Richmond Project (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 3, 1999)
10.35	Agreement for Purchase and Sale for the Videojet 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)
10.36	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)
10.37	Advisory Agreement dated January 30, 2000, filed herewith
10.38	Agreement for the Purchase and Sale of Property for the Cinemark Building, filed herewith
10.39	Lease Agreement with Cinemark USA, Inc. for a portion of the Cinemark Building, filed herewith
10.40	Lease Agreement with The Coca-Cola Company for a portion of the Cinemark Building, filed herewith
10.41	Agreement for the Purchase and Sale of Property for the Metris Building, filed herewith
10.42	Assumption and Modification Agreement for the Metris Loan, filed herewith
10.43	Lease Agreement for the Metris Building, filed herewith
10.44	Promissory Note for $26,725,000 for the Bank of America Loan, filed herewith
10.45	Mortgage, Assignment and Security Agreement for the Videojet Building securing the Bank of America Loan, filed herewith
23.1	Consent of Holland & Knight LLP (included in exhibits 5.1, 8.1 and 8.2)
23.2	Consent of Arthur Andersen LLP, filed herewith
24.1	Power of Attorney, filed herewith

EXHIBIT 10.37

ADVISORY AGREEMENT

ADVISORY AGREEMENT

THIS ADVISORY AGREEMENT, dated as of January 30, 2000, is between WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation (the "Company"), and WELLS CAPITAL, INC., a Georgia corporation (the "Advisor").

W I T N E S S E T H

WHEREAS, the Company has issued shares of its common stock, par value $.01, to the public, has registered with the Securities and Exchange Commission certain additional shares of its common stock to be offered to the public ("Shares") and may subsequently issue securities other than such Shares ("Securities");

WHEREAS, the Company intends to continue to qualify as a REIT (as defined below), and to invest its funds in investments permitted by the terms of the Company's Articles of Incorporation and Sections 856 through 860 of the Code (as defined below);

WHEREAS, the Company desires to avail itself of the experience, sources of information, advice, assistance and certain facilities available to the Advisor and to have the Advisor undertake the duties and responsibilities hereinafter set forth, on behalf of, and subject to the supervision of, the Board of Directors of the Company all as provided herein; and

WHEREAS, the Advisor is willing to undertake to render such services, subject to the supervision of the Board of Directors, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions. As used in this Advisory Agreement (the "Agreement"), the following terms have the definitions hereinafter indicated:

Acquisition Expenses. Any and all expenses incurred by the Company, the Advisor, or any Affiliate of either in connection with the selection or acquisition of any Property, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, and title insurance.

Acquisition Fees. Any and all fees and commissions, exclusive of Acquisition Expenses, paid by any person or entity to any other person or entity (including any fees or commissions paid by or to any Affiliate of the Company or the Advisor) in connection with making or investing in mortgage loans and the selection or acquisition of any Property, including, without limitation, real estate commissions, acquisition fees, finder's fees, selection fees, nonrecurring management fees, consulting fees, loan fees, points, or any other fees or commissions of a similar nature.

Advisor. Wells Capital, Inc., a Georgia corporation, any successor advisor to the Company, or any person or entity to which Wells Capital, Inc. or any successor advisor subcontracts substantially all of its functions.

Affiliate or Affiliated. As to any individual, corporation, partnership, trust or other association (other than the Excess Shares Trust), (i) any Person or entity directly or indirectly; through one or more intermediaries

controlling, controlled by, or under common control with another person or entity; (ii) any Person or entity, directly or indirectly owning or controlling ten percent (10%) or more of the outstanding voting securities of another Person or entity; (iii) any officer, director, partner, or trustee of such Person or entity; (iv) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other Person; and (v) if such other Person or entity is an officer, director, partner, or trustee of a Person or entity, the Person or entity for which such Person or entity acts in any such capacity.

Appraised Value. Value according to an appraisal made by an Independent Appraiser.

Articles of Incorporation. The Articles of Incorporation of the Company under Title 2 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time.

Average Invested Assets. For a specified period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in Properties and Loans secured by real estate before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

Board of Directors or Board. The persons holding such office, as of any particular time, under the Articles of Incorporation of the Company, whether they be the Directors named therein or additional or successor Directors.

Bylaws. The bylaws of the Company, as the same are in effect from time to time.

Cash from Financings. Net cash proceeds realized by the Company from the financing of Company Property or from the refinancing of any Company indebtedness.

Cash from Sales. Net cash proceeds realized by the Company from the sale, exchange or other disposition of any of its assets after deduction of all expenses incurred in connection therewith. Cash from Sales shall not include Cash from Financings.

Cash from Sales and Financings. The total sum of Cash from Sales and Cash from Financings.

Cause. With respect to the termination of this Agreement, fraud, criminal conduct, willful misconduct or willful or negligent breach of fiduciary duty by the Advisor, breach of

this Agreement, a default by the Sponsor under the guarantee by the Sponsor to the Company or the bankruptcy of the Sponsor.

Code. Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

Company. Wells Real Estate Investment Trust, Inc., a corporation organized under the laws of the State of Maryland.

Company Property. Any and all property, real, personal or otherwise, tangible or intangible, which is transferred or conveyed to the Company or the Partnership (including all rents, income, profits and gains therefrom), and which is owned or held by, or for the account of, the Company or the Partnership.

Competitive Real Estate Commission. A real estate or brokerage commission

for the purchase or sale of property which is reasonable, customary, and competitive in light of the size, type, and location of the property. The total of all real estate commissions paid by the Company to all Persons (including the Subordinated Disposition Fee payable to the Advisor) in connection with any Sale of one or more of the Company's Properties shall not exceed the lesser of (i) a Competitive Real Estate Commission or (ii) six percent of the gross sales price of the Property or Properties.

Contract Purchase Price. The amount actually paid or allocated (as of the date of purchase) to the purchase, development, construction or improvement of Property, exclusive of Acquisition Fees and Acquisition Expenses.

Contract Sales Price. The total consideration received by the Company for the sale of a Company Property.

Cumulative Return. For the period for which the calculation is being made, the percentage resulting from dividing (A) the total Dividends paid on each Dividends distribution date during such period (without regard to Dividends paid out of Cash from Sales and Financings), by (B) the product of (i) the average Invested Capital for such period (calculated on a daily basis), and (ii) the number of years (including fractions thereof) elapsed during such period.

Director. A member of the Board of Directors of the Company.

Dividends. Any dividends or other distributions of money or other property by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes.

Equity Interest. The stock of or other interests in, or warrants or other rights to purchase the stock of or other interests in, any entity that has borrowed money from the

Company or that is a tenant of the Company or that is a parent or controlling Person of any such borrower or tenant.

Equity Shares. Transferable shares of beneficial interest of the Company of any class or series, including common shares or preferred shares.

Good Reason. With respect to the termination of this Agreement, (i) any failure to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform the Company's obligations under this Agreement; or (ii) any material breach of this Agreement of any nature whatsoever by the Company.

Gross Proceeds. The aggregate purchase price of all Shares sold for the account of the Company through an Offering, without deduction for Selling Commissions, volume discounts, the marketing support fee and due diligence expense reimbursement or Organization and Offering Expenses. For the purpose of computing Gross Proceeds, the purchase price of any Share for which reduced Selling Commissions are paid to the Managing Dealer or a Soliciting Dealer (where net proceeds to the Company are not reduced) shall be deemed to be $10.00.

Independent Appraiser. A qualified appraiser of real estate as determined by the Board. Membership in a nationally recognized appraisal society such as the American Institute of Real Estate Appraisers ("M.A.I.") or the Society of Real Estate Appraisers ("S.R.E.A.") shall be conclusive evidence of such qualification.

Independent Director. A Director who is not and within the last two years has not been directly or indirectly associated with the Advisor by virtue of (i) ownership of an interest in the Advisor or its Affiliates, (ii) employment by the Advisor or its Affiliates, (iii) service as an officer or director of the Advisor or its Affiliates, (iv) performance of services, other than as a Director, for the Company, (v) service as a director or trustee of more than

three real estate investment trusts advised by the Advisor, or (vi) maintenance of a material business or professional relationship with the Advisor or any of its Affiliates. A business or professional relationship is considered material if the gross revenue derived by the Director from the Advisor and Affiliates exceeds 5% of either the Director's annual gross revenue during either of the last two years or the Director's net worth on a fair market value basis. An indirect relationship shall include circumstances in which a Director's spouse, parents, children, siblings, mothers- or fathers-in-law, sons- or daughters-in-law, or brothers- or sisters-in-law is or has been associated with the Advisor, any of its Affiliates, or the Company.

Independent Expert. A person or entity with no material current or prior business or personal relationship with the Advisor or the Directors and who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company.

Invested Capital. The amount calculated by multiplying the total number of Shares purchased by stockholders by the issue price, reduced by the portion of any Dividend that is attributable to Net Sales Proceeds and by any amounts paid by the Company to repurchase Shares pursuant to the Company's plan for redemption of Shares.

Joint Ventures. The joint venture or general partnership arrangements in which the Company or the Partnership is a co-venturer or general partner which are established to acquire Properties.

Listing. The listing of the Shares of the Company on a national securities exchange or over-the-counter market.

Managing Dealer. Wells Investment Securities, Inc., an Affiliate of the Advisor, or such entity selected by the Board of Directors to act as the managing dealer for an Offering. Wells Investment Securities, Inc. is a member of the National Association of Securities Dealers, Inc.

Net Income. For any period, the total revenues applicable to such period, less the total expenses applicable to such period excluding additions to reserves for depreciation, bad debts or other similar non-cash reserves; provided, however, Net Income for purposes of calculating total allowable Operating Expenses (as defined herein) shall exclude the gain from the sale of the Company's assets.

Net Sales Proceeds. In the case of a transaction described in clause (i) (A) of the definition of Sale, the proceeds of any such transaction less the amount of all real estate commissions and closing costs paid by the Company. In the case of a transaction described in clause (i) (B) of such definition, Net Sales Proceeds means the proceeds of any such transaction less the amount of any legal and other selling expenses incurred in connection with such transaction. In the case of a transaction described in clause (i) (C) of such definition, Net Sales Proceeds means the proceeds of any such transaction actually distributed to the Company from the Joint Venture. In the case of a transaction or series of transactions described in clause (i) (D) of the definition of Sale, Net Sales Proceeds means the proceeds of any such transaction less the amount of all commissions and closing costs paid by the Company. In the case of a transaction described in clause (ii) of the definition of Sale, Net Sales Proceeds means the proceeds of such transaction or series of transactions less all amounts generated thereby and reinvested in one or more Properties within 180 days thereafter and less the amount of any real estate commissions, closing costs, and legal and other selling expenses incurred by or allocated to the Company in connection with such transaction or series of transactions. Net Sales Proceeds shall also include, in the case of any Property consisting of a building only, any amounts that the Company determines, in its discretion, to be economically equivalent to proceeds of a Sale. Net Sales Proceeds shall not include any reserves established by the Company in its sole discretion.

Offering. Any public offering of Shares pursuant to a Prospectus which is

registered with the SEC.

Operating Expenses. All costs and expenses incurred by the Company, as determined under generally accepted accounting principles, which in any way are related to the operation of the Company or to Company business, including advisory fees, but excluding (i) the expenses of raising capital such as Organizational and Offering Expenses, legal, audit, accounting, underwriting, brokerage, listing, registration, and other fees, printing and other

such expenses and tax incurred in connection with the issuance, distribution, transfer, registration and Listing of the Shares, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad loan reserves, (v) the Advisor's subordinated 10% share of Net Sales Proceeds, (vi) the Subordinated Incentive Fee, (vii) the Property Management Fee and (viii) Acquisition Fees and Acquisition Expenses, real estate commissions on the sale of property, and other expenses connected with the acquisition, and ownership of real estate interests, mortgage loans or other property (such as the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of property).

Organizational and Offering Expenses. Any and all costs and expenses, other than Selling Commissions and the 2.5% marketing support and due diligence expense reimbursement fee, incurred by the Advisor or any Affiliate in connection with the formation, qualification and registration of the Company and the marketing and distribution of Shares, including, without limitation, the following: legal, accounting and escrow fees; printing, amending, supplementing, mailing and distributing costs; filing, registration and qualification fees and taxes; telegraph and telephone costs; and all advertising and marketing expenses, including the costs related to investor and broker-dealer sales meetings. The Organizational and Offering Expenses paid by the Company in connection with formation of the Company will not exceed 3% of the Gross Proceeds raised in connection with any Offering.

Partnership. Wells Operating Partnership, L.P., a Delaware limited partnership formed to own and operate properties on behalf of the Company.

Person. An individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c) (17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof.

Property or Properties. (i) The real properties, including the buildings located thereon, or (ii) the real properties only, or (iii) the buildings only, which are acquired by the Company, either directly or through joint venture arrangements or other partnerships.

Prospectus. "Prospectus" has the meaning set forth in Section 2(10) of the Securities Act of 1933, as amended (the "Securities Act"), including a preliminary Prospectus, an offering circular as described in Rule 256 of the General Rules and Regulations under the Securities Act or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling securities to the public.

Real Estate Asset Value. The amount actually paid or allocated to the purchase, development, construction or improvement of a Property, exclusive of Acquisition Fees and Acquisition Expenses.

Registration Statement. The most currently filed Registration Statement on Form S-11 with the Securities and Exchange Commission, of which the Prospectus is a part.

REIT. A "real estate investment trust" under Sections 856 through 860 of the Code.

Sale or Sales. (i) Any transaction or series of transactions whereby: (A) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including the lease of any Property consisting of the building only, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation awards; (B) the Company or the Partnership sells, grants, transfers, conveys, or relinquishes its ownership of all or substantially all of the interest of the Company or the Partnership in any Joint Venture in which it is a co-venturer or partner; or (C) any Joint Venture in which the Company or the Partnership as a co-venturer or partner sells, grants, transfers, conveys, or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards, but (ii) not including any transaction or series of transactions specified in clause (i) (A), (i) (B), or (i) (C) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within 180 days thereafter.

Securities. Any Equity Shares, Excess Shares, as such term is defined in the Company's Articles of Incorporation, any other stock, shares or other evidences of equity or beneficial or other interests, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire, any of the foregoing.

Shares. Any shares of the Company's common stock, par value $.01 per share, previously issued by the Company pursuant to an effective registration statement and shares currently registered with the Securities and Exchange Commission pursuant to the Registration Statement.

Soliciting Dealers. Broker-dealers who are members of the National Association of Securities Dealers, Inc., or that are exempt from broker-dealer registration, and who, in either case, have executed participating broker or other agreements with the Managing Dealer to sell Shares.

Sponsor. Any Person directly or indirectly instrumental in organizing, wholly or in part, the Company or any Person who will control, manage or participate in the management of the Company, and any Affiliate of such Person. Not included is any Person whose only relationship with the Company is that of an independent property manager of Company assets, and whose only compensation is as such. Sponsor does not include wholly independent third parties such as attorneys, accountants, and underwriters whose only compensation is for professional services.

Stockholders. The record holders of the Company's Shares as maintained in the Company's books and records.

Stockholders' 8% Return. As of each date, an aggregate amount equal to an 8% cumulative, noncompounded, annual return on Invested Capital.

Subordinated Disposition Fee. The Subordinated Disposition Fee as defined in Paragraph 9(b).

Subordinated Incentive Fee. The fee payable to the Advisor under certain circumstances if the Shares are listed on a national securities exchange or over-the-counter market as defined in Paragraph 9(d).

Subordinated Share of Net Sale Proceeds. The Subordinated Share of Net Sales Proceeds as defined in Paragraph 9(c).

Termination Date. The date of termination of the Agreement.

Total Property Cost. With regard to any Company Property, an amount equal to the sum of the Real Estate Asset Value of such Property plus the Acquisition Fees and Acquisition Expenses paid in connection with such Property.

2%/25% Guidelines. The requirement pursuant to the guidelines of the North American Securities Administrators Association, Inc. that, in any 12 month period, total Operating Expenses not exceed the greater of 2% of the Company's Average Invested Assets during such 12 month period or 25% of the Company's Net Income over the same 12 month period.

Valuation. An estimate of value of the assets of the Company as determined by an Independent Expert.

2. Appointment. The Company hereby appoints the Advisor to serve as its advisor on the terms and conditions set forth in this Agreement, and the Advisor hereby accepts such appointment.

3. Duties of the Advisor. The Advisor undertakes to use its best efforts to present to the Company potential investment opportunities and to provide a continuing and suitable investment program consistent with the investment objectives and policies of the Company as determined and adopted from time to time by the Board. In performance of this undertaking, subject to the supervision of the Board and consistent with the provisions of the Prospectus, Articles of Incorporation and Bylaws of the Company, the Advisor shall, either directly or by engaging an Affiliate:

(a) serve as the Company's investment and financial advisor and provide research and economic and statistical data in connection with the Company's assets and investment policies;

(b) provide the daily management of the Company and perform and supervise the various administrative functions reasonably necessary for the management of the Company;

(c) maintain and preserve the books and records of the Company, including stock books and records reflecting a record of the Stockholders and their ownership of the Company's uncertificated Shares and acting as transfer agent for the Company's uncertificated Shares;

(d) investigate, select, and, on behalf of the Company, engage and conduct business with such Persons as the Advisor deems necessary to the proper performance of its obligations hereunder, including but not limited to consultants, accountants, correspondents, lenders, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositaries, custodians, agents for collection, insurers, insurance agents, banks, builders, developers, property owners, mortgagors, and any and all agents for any of the foregoing, including Affiliates of the Advisor, and Persons acting in any other capacity deemed by the Advisor necessary or desirable for the performance of any of the foregoing services, including but not' limited to entering into contracts in the name of the Company with any of the foregoing;

(e) consult with the officers and the Board of the Company and assist the Board in the formulation and implementation of the Company's financial policies, and, as necessary, furnish the Board with advice and recommendations with respect to the making of investments consistent with the investment objectives and policies of the Company and in connection with any borrowings proposed to be undertaken by the Company;

(f) subject to the provisions of Paragraphs 3(g) and 4 hereof, (i) locate, analyze and select potential investments in Properties, (ii) structure and negotiate the terms and conditions of transactions pursuant to which investment in Properties will be made; (iii) make investments in Properties on behalf of the Company or the Partnership in compliance with the investment objectives and policies of the Company; (iv) arrange for financing and refinancing and make other changes in the asset or capital structure of, and dispose of, reinvest the proceeds from the sale of, or otherwise deal with the investments in, Property; and (v) enter into leases and service contracts for Company Property and, to the extent necessary, perform all other operational functions for the maintenance and administration of such Company Property;

(g) provide the Board with periodic reports regarding prospective investments in Properties;

(h) obtain the prior approval of the Board (including a majority of all Independent Directors) for any and all investments in Properties;

(i) negotiate on behalf of the Company with banks or lenders for loans to be made to the Company, and negotiate on behalf of the Company with investment banking firms and broker-dealers or negotiate private sales of Shares and Securities or obtain loans for the Company, but in no event in such a way so that the Advisor shall be acting as broker-dealer or underwriter; and provided, further, that any fees and costs payable to third parties incurred by the Advisor in connection with the foregoing shall be the responsibility of the Company;

(j) obtain reports (which may be prepared by the Advisor or its Affiliates), where appropriate, concerning the value of investments or contemplated investments of the Company in Properties;

(k) from time to time, or at any time reasonably requested by the Board, make reports to the Board of its performance of services to the Company under this Agreement;

(l) provide the Company with all necessary cash management services;

(m) do all things necessary to assure its ability to render the services described in this Agreement;

(n) deliver to or maintain on behalf of the Company copies of all appraisals obtained in connection with the investments in Properties; and

(o) notify the Board of all proposed material transactions before they are completed.

4. Authority of Advisor.

(a) Pursuant to the terms of this Agreement (including the restrictions included in this Paragraph 4 and in Paragraph 7), and subject to the continuing and exclusive authority of the Board over the management of the Company, the Board hereby delegates to the Advisor the authority to (1) locate, analyze and select investment opportunities, (2) structure the terms and conditions of transactions pursuant to which investments will be made or acquired for the Company or the Partnership, (3) acquire Properties in compliance with the investment objectives and policies of the Company, (4) arrange for financing or refinancing Property, (5) enter into leases and service contracts for the Company's Property, including oversight of Affiliated companies that perform property management services for the Company, (6) oversee non-affiliated property managers and other non-affiliated Persons who perform services for the Company; and (7) undertake accounting and other record-keeping functions at the Property level.

(b) Notwithstanding the foregoing, any investment in Properties, including any acquisition of Property by the Company or the Partnership (as well as any financing acquired by the Company or the Partnership in connection with such acquisition), will require the prior approval of the Board.

(c) If a transaction requires approval by the Independent Directors, the Advisor will deliver to the Independent Directors all documents required by them to properly evaluate the proposed investment in the Property.

The prior approval of a majority of the Independent Directors and a majority of the Board not otherwise interested in the transaction will be required for each transaction with the Advisor or its Affiliates.

The Board may, at any time upon the giving of notice to the Advisor, modify or revoke the authority set forth in this Paragraph 4. If and to the extent the Board so modifies or revokes the authority contained herein, the Advisor shall henceforth submit to the Board for prior approval such proposed transactions involving investments in Property as thereafter require prior approval, provided however, that such modification or revocation shall be effective upon receipt by the Advisor and shall not be applicable to investment transactions to which the Advisor has committed the Company prior to the date of receipt by the Advisor of such notification.

5. Bank Accounts. The Advisor may establish and maintain one or more bank accounts in its own name for the account of the Company or in the name of the Company and may collect and deposit into any such account or accounts, and disburse from any such account or accounts, any money on behalf of the Company, under such terms and conditions as the Board may approve, provided that no funds shall be commingled with the funds of the Advisor; and the Advisor shall from time to time render appropriate accountings of such collections and payments to the Board and to the auditors of the Company.

6. Records; Access. The Advisor shall maintain appropriate records of all its activities hereunder and make such records available for inspection by the Board and by counsel, auditors and authorized agents of the Company, at any time or from time to time during normal business hours. The Advisor shall at all reasonable times have access to the books and records of the Company.

7. Limitations on Activities. Anything else in this Agreement to the contrary notwithstanding, the Advisor shall refrain from taking any action which, in its sole judgment made in good faith, would (a) adversely affect the status of the Company as a REIT, (b) subject the Company to regulation under the Investment Company Act of 1940, as amended, or (c) violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Company, its Shares or its Securities, or otherwise not be permitted by the Articles of Incorporation or Bylaws of the Company, except if such action shall be ordered by the Board, in which case the Advisor shall notify promptly the Board of the Advisor's judgment of the potential impact of such action and shall refrain from taking such action until it receives further clarification or instructions from the Board. In such event the Advisor shall have no liability for acting in accordance with the specific instructions of the Board so given. Notwithstanding the foregoing, the Advisor, its directors, officers, employees and stockholders, and stockholders, directors and officers of the Advisor's Affiliates shall not be liable to the Company or to the Board or stockholders for any act or omission by the

Advisor, its directors, officers or employees, or stockholders, directors or officers of the Advisor's Affiliates except as provided in Paragraphs 20 and 21

of this Agreement.

8. Relationship with Directors. Directors, officers and employees of the Advisor or an Affiliate of the Advisor or any corporate parents of an Affiliate, or directors, officers or stockholders of any director, officer or corporate parent of an Affiliate may serve as a Director and as officers of the Company, except that no director, officer or employee of the Advisor or its Affiliates who also is a Director or officer of the Company shall receive any compensation from the Company for serving as a Director or officer other than reasonable reimbursement for travel and related expenses incurred in attending meetings of the Board.

9. Fees.

(a) Acquisition Fees and Expenses. The Advisor may receive as compensation payable by the Company for services rendered in connection with the investigation, selection and acquisition (by purchase, investment or exchange) of Property Acquisition Fees in an amount equal to up to 3% of Gross Proceeds and Acquisition Expenses in an amount equal to up to .5% of Gross Proceeds. The Acquisition Fees shall be reduced to the extent that, and, if necessary to limit, the total compensation paid to all persons involved in the acquisition of any Property to the amount customarily charged in arm's-length transactions by other persons or entities rendering similar services as an ongoing public activity in the same geographical location and for comparable types of Properties and to the extent that other acquisition fees, finder's fees, real estate commissions, or other similar fees or commissions are paid by any person in connection with the transaction.

(b) Subordinated Disposition Fee. If the Advisor or an Affiliate provides a substantial amount of the services (as determined by a majority of the Independent Directors) in connection with the Sale of one or more Properties, the Advisor or an Affiliate shall receive a Subordinated Disposition Fee equal to the lesser of (i) one-half of a Competitive Real Estate Commission or (ii) 3% of the sales price of such Property or Properties. The Subordinated Disposition Fee will be paid only if Stockholders have received total Dividends in an amount equal to the sum of their aggregate Invested Capital and their aggregate Stockholders' 8% Return. To the extent that Subordinated Disposition Fees are not paid by the Company on a current basis due to the foregoing limitation, the unpaid fees will be accrued and paid at such time as the subordination conditions have been satisfied. The Subordinated Disposition Fee may be paid in addition to real estate commissions paid to non-Affiliates, provided that the total real estate commissions paid to all Persons by the Company shall not exceed an amount equal to the lesser of (i) 6% of the Contract Sales Price of a Property or (ii) the Competitive Real Estate Commission. In the event this Agreement is terminated prior to such time as the Stockholders have received total Dividends in an amount equal to 100% of Invested Capital plus an amount sufficient to pay the Stockholders' 8% Return through the Termination Date, an appraisal of the Properties then owned by the Company shall be made and the Subordinated Disposition Fee on Properties previously sold will be deemed earned if the Appraised Value of the Properties then owned by the Company plus total Dividends received prior to the Termination Date equals 100% of Invested Capital plus an amount sufficient to pay the Stockholders' 8% Return through the Termination Date. Upon Listing, if the Advisor has

accrued but not been paid such Subordinated Disposition Fee, then for purposes of determining whether the subordination conditions have been satisfied, Stockholders will be deemed to have received a Dividends in the amount equal to the product of the total number of Shares outstanding and the average closing price of the Shares over a period, beginning 180 days after Listing, of 30 days during which the Shares are traded.

(c) Subordinated Share of Net Sales Proceeds. The Subordinated Share of Net Sales Proceeds shall be payable to the Advisor in an amount equal to 10% of Net Sales Proceeds remaining after the Stockholders have received Dividends

equal to the sum of the Stockholders' 8% Return and 100% of Invested Capital. Following Listing, no Subordinated Share of Net Sales Proceeds will be paid to the Advisor.

(d) Subordinated Incentive Fee. Upon Listing, the Advisor shall be entitled to the Subordinated Incentive Fee in an amount equal to 10% of the amount by which (i) the market value of the outstanding stock of the Company, measured by taking the average closing price or average of bid and asked price, as the case may be, over a period of 30 days during which the stock is traded, with such period beginning 180 days after Listing (the "Market Value"), plus the total of all Dividends paid to Stockholders from the Company's inception until the date of Listing, exceeds (ii) the sum of (A) 100% of Invested Capital and (B) the total Dividends required to be paid to the Stockholders in order to pay the Stockholders' 8% Return from inception through the date of Listing. The Company shall have the option to pay such fee in the form of cash, Shares, a promissory note or any combination of the foregoing. The Subordinated Incentive Fee will be reduced by the amount of any prior payment to the Advisor of a deferred, Subordinated Share of Net Sales Proceeds from a Sale or Sales of a Property. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee will be paid to the Advisor.

(e) Loans from Affiliates. If any loans are made to the Company by an Affiliate of the Advisor, the maximum amount of interest that may be charged by such Affiliate shall be the lesser of (i) 1% above the prime rate of interest charged from time to time by The Bank of New York and (ii) the rate that would be charged to the Company by unrelated lending institutions on comparable loans for the same purpose. The terms of any such loans shall be no less favorable than the terms available between non-Affiliated Persons for similar commercial loans.

(f) Changes to Fee Structure. In the event of Listing, the Company and the Advisor shall negotiate in good faith to establish a fee structure appropriate for a perpetual-life entity. A majority of the Independent Directors must approve the new fee structure negotiated with the Advisor. In negotiating a new fee structure, the Independent Directors shall consider all of the factors they deem relevant, including, but not limited to: (i) the amount of the advisory fee in relation to the asset value, composition and profitability of the Company's portfolio; (ii) the success of the Advisor in generating opportunities that meet the investment objectives of the Company; (iii) the rates charged to other REITs and to investors other than REITs by Advisors performing the same or similar services; (iv) additional revenues realized by the Advisor and its Affiliates through their relationship with the Company, including loan

administration, underwriting or broker commissions, servicing, engineering, inspection and other fees, whether paid by the Company or by others with whom the Company does business; (v) the quality and extent of service and advice furnished by the Advisor; (vi) the performance of the investment portfolio of the Company, including income, conversion or appreciation of capital, and number and frequency of problem investments; and (vii) the quality of the Property portfolio of the Company in relationship to the investments generated by the Advisor for its own account. The new fee structure can be no more favorable to the Advisor than the current fee structure.

10. Expenses.

(a) In addition to the compensation paid to the Advisor pursuant to Paragraph 9 hereof, the Company shall pay directly or reimburse the Advisor for all of the expenses paid or incurred by the Advisor in connection with the services it provides to the Company pursuant to this Agreement, including, but not limited to:

(i) the Company's Organizational and Offering Expenses; provided, however, that within 60 days after the end of the month in which an Offering terminates, the Advisor shall reimburse the Company for any Organizational and Offering Expenses reimbursement received by the Advisor pursuant to this

Paragraph 10, to the extent that such reimbursement exceeds 3% of the Gross Proceeds. The Advisor shall be responsible for the payment of all the Company's Organizational and Offering Expenses in excess of 3% of the Gross Proceeds;

(ii) Acquisition Expenses incurred in connection with the selection and acquisition of Properties at the lesser of the actual cost or 90% of the competitive rate charged by unaffiliated persons providing similar goods and services in the same geographic location;

(iii) the actual cost of goods and services used by the Company and obtained from entities not affiliated with the Advisor, other than Acquisition Expenses, including brokerage fees paid in connection with the purchase and sale of securities;

(iv) interest and other costs for borrowed money, including discounts, points and other similar fees;

(v) taxes and assessments on income or Property and taxes as an expense of doing business;

(vi) costs associated with insurance required in connection with the business of the Company or by the Board;

(vii) expenses of managing and operating Properties owned by the Company, whether payable to an Affiliate of the Company or a non-affiliated Person.

(viii) all expenses in connection with payments to the Board and meetings of the Board and Stockholders;

(ix) expenses associated with Listing or with the issuance and distribution of Shares and Securities, such as selling commissions and fees, advertising expenses, taxes, legal and accounting fees, Listing and registration fees, and other Organization and Offering Expenses;

(x) expenses connected with payments of Dividends in cash or otherwise made or caused to be made by the Company to the Stockholders;

(xi) expenses of organizing, revising, amending, converting, modifying, or terminating the Company or the Articles of Incorporation;

(xii) expenses of maintaining communications with Stockholders, including the cost of preparation, printing, and mailing annual reports and other Stockholder reports, proxy statements and other reports required by governmental entities;

(xiii) administrative service expenses (including personnel costs; provided, however, that no reimbursement shall be made for costs of personnel to the extent that such personnel perform services in transactions for which the Advisor receives a separate fee); and

(xiv) audit, accounting and legal fees.

(b) Expenses incurred by the Advisor on behalf of the Company and payable pursuant to this Paragraph 10 shall be reimbursed no less than monthly to the Advisor. The Advisor shall prepare a statement documenting the expenses of the Company during each quarter, and shall deliver such statement to the Company within 45 days after the end of each quarter.

11. Other Services. Should the Board request that the Advisor or any director, officer or employee thereof render services for the Company other than set forth in Paragraph 3, such services shall be separately compensated at such rates and in such amounts as are agreed by the Advisor and the Independent Directors of the Company, subject to the limitations contained in the Articles of Incorporation, and shall not be deemed to be services pursuant to the terms

of this Agreement.

12. Fidelity Bond. The Advisor shall maintain a fidelity bond for the benefit of the Company which bond shall insure the Company from losses of up to $200,000 per occurrence and shall be of the type customarily purchased by entities performing services similar to those provided to the Company by the Advisor.

13 Reimbursement to the Advisor. The Company shall not reimburse the Advisor at the end of any fiscal quarter Operating Expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year") exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year. Any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Company. If there is an Excess Amount in any Expense Year and the Independent Directors determine that such excess was justified, based on unusual and nonrecurring factors which they deem sufficient, the Excess Amount may be carried over and included in Operating Expenses

in subsequent Expense Years, and reimbursed to the Advisor in one or more of such years, provided that Operating Expenses in any Expense Year, including any Excess Amount to be paid to the Advisor, shall not exceed the 2%/25% Guidelines. Within 60 days after the end of any fiscal quarter of the Company for which total Operating Expenses for the Expense Year exceed the 2%/25% Guidelines, there shall be sent to the stockholders a written disclosure of such fact, together with an explanation of the factors the Independent Directors considered in determining that such excess expenses were justified. Such determination shall be reflected in the minutes of the meetings of the Board of Directors. The Company will not reimburse the Advisor or its Affiliates for services for which the Advisor or its Affiliates are entitled to compensation in the form of a separate fee. All figures used in the foregoing computation shall be determined in accordance with generally accepted accounting principles applied on a consistent basis.

14. Other Activities of the Advisor. Nothing herein contained shall prevent the Advisor from engaging in other activities, including, without limitation, the rendering of advice to other Persons (including other REITs) and the management of other programs advised, sponsored or organized by the Advisor or its Affiliates; nor shall this Agreement limit or restrict the right of any director, officer, employee, or stockholder of the Advisor or its Affiliates to engage in any other business or to render services of any kind to any other partnership, corporation, firm, individual, trust or association. The Advisor may, with respect to any investment in which the Company is a participant, also render advice and service to each and every other participant therein. The Advisor shall report to the Board the existence of any condition or circumstance, existing or anticipated, of which it has knowledge, which creates or could create a conflict of interest between the Advisor's obligations to the Company and its obligations to or its interest in any other partnership, corporation, firm, individual, trust or association. The Advisor or its Affiliates shall promptly disclose to the Board knowledge of such condition or circumstance. If the Sponsor, Advisor, Director or Affiliates thereof have sponsored other investment programs with similar investment objectives which have investment funds available at the same time as the Company, it shall be the duty of the Board (including the Independent Directors) to adopt the method set forth in the Registration Statement or another reasonable method by which properties are to be allocated to the competing investment entities and to use their best efforts to apply such method fairly to the Company.

The Advisor shall be required to use its best efforts to present a continuing and suitable investment program to the Company which is consistent with the investment policies and objectives of the Company, but neither the Advisor nor any Affiliate of the Advisor shall be obligated generally to present

any particular investment opportunity to the Company even if the opportunity is of character which, if presented to the Company, could be taken by the Company. The Advisor or its Affiliates may make such an investment in a property only after (i) such investment has been offered to the Company and all public partnerships and other investment entities affiliated with the Company with funds available for such investment and (ii) such investment is found to be unsuitable for investment by the Company, such partnerships and investment entities.

In the event that the Advisor or its Affiliates is presented with a potential investment which might be made by the Company and by another investment entity which the Advisor or its Affiliates advises or manages, the Advisor shall consider the investment portfolio of each entity, cash flow of each entity, the effect of the acquisition on the diversification of each entity's portfolio, rental payments during any renewal period, the estimated income tax effects of the purchase on each entity, the policies of each entity relating to leverage, the funds of each entity available for investment and the length of time such funds have been available for investment. In the event that an investment opportunity becomes available which is suitable for both the Company and a public or private entity which the Advisor or its Affiliates are Affiliated, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered the investment opportunity. The Advisor may consider the property for private placement only if such property is deemed inappropriate for any investment entity which is advised or managed by the Advisor, including the Company.

15. Relationship of Advisor and Company. The Company and the Advisor are not partners or joint venturers with each other, and nothing in this Agreement shall be construed to make them such partners or joint venturers or impose any liability as such on either of them.

16. Term; Termination of Agreement. This Agreement shall continue in force until January 29, 2001, subject to an unlimited number of successive one-year renewals upon mutual consent of the parties. It is the duty of the Board to evaluate the performance of the Advisor or annually before renewing the Agreement, and each such renewal shall be for a term of no more than one year.

17. Termination by Either Party. This Agreement may be terminated upon 60 days written notice without Cause or penalty, by either party (by a majority of the Independent Directors of the Company or a majority of the Board of Directors of the Advisor, as the case may be).

18. Assignment to an Affiliate. This Agreement may be assigned by the Advisor to an Affiliate with the approval of a majority of the Board (including a majority of the Independent Directors). The Advisor may assign any rights to receive fees or other payments under this Agreement without obtaining the approval of the Board. This Agreement shall not be assigned by the Company without the consent of the Advisor, except in the case of an assignment by the Company to a corporation or other organization which is a successor to all of the assets, rights and obligations of the Company, in which case such successor organization shall be bound hereunder and by the terms of said assignment in the same manner as the Company is bound by this Agreement.

19. Payments to and Duties of Advisor upon Termination. Payments to the Advisor pursuant to this Section 19 shall be subject to the 2%/25% Guidelines to the extent applicable.

(a) After the Termination Date, the Advisor shall not be entitled to compensation for further services hereunder except it shall be entitled to receive from the Company within 30

days after the effective date of such termination all unpaid reimbursements of expenses and all earned but unpaid fees payable to the Advisor prior to termination of this Agreement.

(b) The Advisor shall promptly upon termination:

(i) pay over to the Company all money collected and held for the account of the Company pursuant to this Agreement, after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled;

(ii) deliver to the Board a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting furnished to the Board;

(iii) deliver to the Board all assets, including Properties, and documents of the Company then in the custody of the Advisor; and

(iv) cooperate with the Company to provide an orderly management transition.

20. Indemnification by the Company. The Company shall indemnify and hold harmless the Advisor and its Affiliates, including their respective officers, directors, partners and employees, from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, to the extent such liability, claims, damages or losses and related expenses are not fully reimbursed by insurance, subject to any limitations imposed by the laws of the State of Maryland or the Articles of Incorporation of the Company. Notwithstanding the foregoing, the Advisor shall not be entitled to indemnification or be held harmless pursuant to this paragraph 20 for any activity which the Advisor shall be required to indemnify or hold harmless the Company pursuant to paragraph 21. Any indemnification of the Advisor may be made only out of the net assets of the Company and not from Stockholders.

21. Indemnification by Advisor. The Advisor shall indemnify and hold harmless the Company from contract or other liability, claims, damages, taxes or losses and related expenses including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are not fully reimbursed by insurance and are incurred by reason of the Advisor's bad faith, fraud, willful misfeasance, misconduct, negligence or reckless disregard of its duties, but the Advisor shall not be held responsible for any action of the Board of Directors in following or declining to follow any advice or recommendation given by the Advisor.

22. Notices. Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is required by the Articles of Incorporation, the Bylaws, or accepted by the party to whom it is given, and shall be given by being delivered by hand or by overnight mail or other overnight delivery service to the addresses set forth herein:

To the Board and to the Company:	Wells Real Estate Investment Trust, Inc. 6200 The Corners Parkway, Suite 250 Norcross, Georgia 30092
To the Advisor:	Wells Capital, Inc.

6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092

Either party may at any time give notice in writing to the other party of a change in its address for the purposes of this Paragraph 22.

23. Modification. This Agreement shall not be changed, modified, terminated, or discharged, in whole or in part, except by an instrument in writing signed by both parties hereto, or their respective successors or assignees.

24. Severability. The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

25. Construction. The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia.

26. Entire Agreement. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.

27. Indulgences, not Waivers. Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

28. Gender. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

29. Titles not to Affect Interpretation. The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

30. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

31. Name. Wells Capital, Inc. has a proprietary interest in the name

"Wells." Accordingly, and in recognition of this right, if at any time the Company ceases to retain Wells Capital, Inc. or an Affiliate thereof to perform the services of Advisor, the Company will, promptly after receipt of written request from Wells Capital, Inc., cease to conduct business under or use the name "Wells" or any diminutive thereof and the Company shall use its best efforts to change the name of the Company to a name that does not contain the name "Wells" or any other word or words that might, in the sole discretion of the Advisor, be susceptible of indication of some form of relationship between the Company and the Advisor or any Affiliate thereof. Consistent with the foregoing, it is specifically recognized that the Advisor or one or more of its Affiliates has in the past and may in the future organize, sponsor or otherwise permit to exist other investment vehicles (including vehicles for investment in real estate) and financial and service organizations having "Wells" as a part of their name, all without the need for any consent (and without the right to object thereto) by the Company or its Board.

32. Initial Investment. The Advisor has contributed to the Company $200,000 (the "Initial Investment") in exchange for 20,000 units of limited partnership interest ("Units") in Wells Operating Partnership, L.P. The Advisor or its Affiliates may not sell any of the Units purchased with the Initial Investment while the Advisor acts in such advisory capacity to the Company, provided, that such Units may be transferred to Affiliates of the Advisor. The restrictions included above shall not apply to any Shares acquired by the Advisor or its Affiliates other than the Units acquired through the Initial Investment. The Advisor shall not vote 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 the Advisor or any of its Affiliates.

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

WELLS REAL ESTATE INVESTMENT TRUST, INC.

By: /s/ Leo F. Wells

Name: Leo F. Wells III

TITLE: PRESIDENT

WELLS CAPITAL, INC.

By: /s/ Leo F. Wells

Name: Leo F. Wells, III

Title: PRESIDENT

EXHIBIT 10.38

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

FOR THE CINEMARK BUILDING

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

Cinemark Building, Plano, Texas

THIS AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY (the "Agreement"), is made and entered into as of the 21st day of December, 1999, by and between CNMRK HQ INVESTORS, L.P., a Texas 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, CARDINAL CAPITAL PARTNERS, INC., a Texas corporation ("Cardinal") has contracted with Cinemark USA, Inc. ("Cinemark") to acquire the Property (as defined herein), which contract has been assigned by Cardinal to Seller; and

WHEREAS, Seller desires to sell and Purchaser desires to purchase the Property 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 Plano, Collin County, Texas, being more particularly described on Exhibit "A" hereto; and

(b) all rights, privileges, and easements appurtenant to the Land, including any 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 five story office building, the adjacent four

level parking structure 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 and not owned by tenants of the building (all of which are herein collectively referred to as the "Improvements"); and

(d) all personal property acquired by Seller from Cinemark and located on or to be located on or in, or used in connection with, the Land and Improvements ("Personal Property"); and

(e) all of Seller's right, title, and interest, as landlord or lessor, in and to the Leases (as hereinafter defined); and

(f) all of Seller's right, title, and interest in and to any intangible property acquired by Seller from Cinemark relating to and reasonably required for the ownership and operation of the Property (but excluding any intangible property which relates to the operation of the business conducted Cinemark, Coke and W.S. [all as hereinafter defined]), including, without limitation, building plans and specifications with respect to the Improvements, licenses and entitlements (e.g. certificates of occupancy), soil reports, surveys, warranties, guarantees, utility contracts, permits and any other rights acquired by Seller from Cinemark related to the ownership of or use and operation of the Land, Personal Property, or Improvements, if any (but not including the name Cinemark, Coke, Coca Cola or any derivation thereof of logo therefor), all if and to the extent acquired by Seller from Cinemark (herein, the "Intangible Property").

2. The Title Company. American Title Company, whose offices are at 3131 Turtle Creek Boulevard, Suite 101, Dallas, Texas 75231 (Attn: Mr. Bo Feagin, phone 214-754-7000; fax 214-303-0937), is referred to herein as the "Escrow Agent" or the "Title Company."

3. Purchase Price. The purchase price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be Twenty One Million, Eight Hundred Thousand and No/100 Dollars ($21,800,000.00). The Purchase Price shall be paid by Purchaser in cash, by wire transfer, cashier's, certified check or other evidence of funds acceptable to the Title Company for immediate disbursement at Closing, subject to adjustment and credits as otherwise specified in this Agreement.

4. Purchaser's Inspection and Review Rights. Purchaser and its agents, engineers, or representatives, has had the privilege of going upon the Property as needed to inspect,

examine, test, and survey the Property. Purchaser hereby agrees to hold Seller and Cinemark 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. Such obligations shall survive any termination of this Agreement. Seller has made available to Purchaser, or Purchaser's agents and representatives, for review and copying, all books, records, files and other information in Seller's possession relating to the ownership and operation of the Property, including, without limitation, any title matters, surveys, tenant files, service and maintenance agreements, and other contracts, books, records, operating statements, and other information relating to the Property obtained from Cinemark or independently developed by Seller. Seller has provided to Purchaser prior to the date hereof the most current boundary and "as-built" surveys of the Land and Improvements, any title insurance commitments, appraisals, building inspection reports, environmental reports and financial information relating thereto which is in the possession or under the control of Seller.

5. Special Condition Precedent to Seller's Obligations. Purchaser specifically acknowledges that Seller has contracted with Cinemark to acquire the Property from Cinemark and enter into the Cinemark Lease (hereinafter defined). In the event that Seller is unable to acquire the Property for any

reason other than Seller's willful default under its purchase agreement with Cinemark (the "Cinemark Contract"), Purchaser's sole right shall be to terminate this Agreement whereupon Purchaser and Seller shall thereafter be excused from all obligations one to the other, except those obligations which expressly survive any termination. The Closing Date hereunder shall occur simultaneously with closing under the Cinemark Contract (the "Cinemark Closing"), which is scheduled for December 21, 1999,and Seller and Purchaser agree to cooperate with each other to close on such date. If Closing hereunder does not occur simultaneously with closing under the Cinemark Contract, then Purchaser shall pay for the premium for the owner's policy of title insurance.

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) Compliance by Seller. 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) Seller's Representations. 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) No Adverse Changes. There shall have been no adverse change to the title to the Property which has not been cured and the Title Company shall have issued the Title Commitment (as hereinafter defined) on the Land and Improvements without exceptions other than as described in paragraph 7 and 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 pursuant to such Title Commitment.

(d) Tenant Estoppels. Purchaser shall have received Tenant Estoppel Certificates duly executed by Coke and Cinemark at or prior to Closing, in form reasonably acceptable to Purchaser.

(e) Leases. Attached hereto as Exhibit "B-1" is a true and accurate copy of that certain lease dated April 27, 1999 between Cinemark and The Coca Cola Company ("Coke"), as amended by First Amendment dated December 13, 1999 (said lease, as amended, is referred to herein as the "Coke Lease"). Attached hereto as Exhibit "B-2" is a true and accurate copy of a Lease (the "Cinemark Lease") to be entered into by and between Seller and Cinemark at the Cinemark Closing. That certain lease (the "WS Lease") dated April 8, 1999 between Cinemark and W.S. Theater Management, L.L.C. ("WS") shall at the Cinemark Closing be recharacterized as a sublease between Cinemark and WS, with the demised premises thereunder being part of the demised premises under the Cinemark Lease. The Coke Lease and the Cinemark Lease are hereinafter defined at the "Leases." As of the Closing, the Leases shall be in full force and effect, Seller shall be the "landlord" under the Leases, and Seller shall own unencumbered legal and beneficial title thereto and the rents and other income thereunder, subject only to a collateral assignment thereof to the Lender.

(f) Lease - Rents and Special Consideration. The Tenants shall: (i) not have prepaid rent for more than the current month under the Leases, (ii) not have received and shall not be entitled to receive any rent concession in connection with its tenancy under the Leases other than as described in the Leases, (iii) not be entitled to any special work (not yet performed), or consideration (not yet given) (except as to the tenant finish allowance to be paid by Cinemark to Coke under the Coke Lease) in connection with its tenancy under the Leases, and (iv) not have any deed, option, or other evidence of any right or interest in or to the Property, except for the Tenants' tenancy as evidenced by the express terms of the Leases.

(g) Lease - Acceptance of Premises. (i) the Tenants shall have accepted their leased premises located within the Property, including any and all work performed therein or thereon pursuant to the Leases, (ii) the Tenants shall be in full and complete possession of their respective premises under the Leases, and (iii) neither Seller nor Cinemark shall have received notice from a Tenant that such Tenant's premises are not in full compliance with the terms and provisions of the Tenant's Lease or are not satisfactory for the Tenant's purposes.

(h) No Other Agreements. Other than the Leases and the Permitted Exceptions, there shall be 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, other than the Cinemark Management Agreement (hereinafter defined) and service contracts entered into by Cinemark in connection with their management.

(i) No Litigation. There shall be no actions, suits, or proceedings pending, or threatened by any organization, person, individual, or governmental agency against Seller with respect to the Property or against the Property and no pending or threatened application for changes in the zoning applicable to the Property or any portion thereof.

(i) Condemnation. There shall be 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) Proceedings Affecting Access. There shall be no pending or threatened proceedings that could have the effect of impairing or restricting access between the Property and adjacent public roads.

(k) Management Agreement. Attached hereto as Exhibit "C" and made a part hereof is a draft of Management Agreement (the "Cinemark Management Agreement") pursuant to which Cinemark shall manage the Property after the Cinemark Closing. The Cinemark Management Agreement shall be in full force and effect and as of the Closing the Property shall be managed by Cinemark thereunder.

7. Title and Survey. Seller has caused 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 indefeasible fee simple record title to the Property to be in Purchaser subject only to the Permitted Exceptions (as hereinafter defined) and containing the standard printed exceptions, provided, however, there shall be no exception for mechanics' or materialmen's liens, the exception for taxes shall refer to the year 2000, and any exception for parties in possession shall be limited to rights of Tenants, as tenants only, pursuant to the Leases. The survey exception may be amended to except only the "shortages in area." Seller has also caused to be delivered to Purchaser together with such Title Commitment, legible copies of all documents and instruments referred to therein and a current survey of the Property. Purchaser has examined the Commitment, the exception documents and the survey. The matters set forth in the deed from Purchaser to Seller, or set forth on any final survey or Title Commitment shall be referred to herein as the "Permitted Exceptions."

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 - Assignment. To the best of Seller's knowledge, no Tenant has assigned its interest in a Lease or sublet any portion of the premises leased to each such Tenant under a Lease (except as regards the recharacterization of the WS Lease as a sublease between Cinemark and WS).

(b) Lease - Default. (i) Seller has not received any notice of termination or default under any Lease and does not know of Cinemark receiving the same, (ii) Seller knows of no existing or uncured defaults by Cinemark or by a Tenant under the Leases, (iii) to the best of Seller's knowledge, no Tenant has asserted 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 Leases.

(c) 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, to Seller's knowledge, any third party whatsoever. Any commissions payable under, relating to, or as a result of the Leases shall have been chased out and paid and satisfied in full as of the Closing.

(d) 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.

(e) Conditions of Improvements. Seller is not aware of any structural or other defects in the Improvements.

(f) Violations. Seller has no knowledge of any violations of law, municipal or county ordinances, or other legal requirements with respect to the Property.

(g) 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.

(h) Pre-existing Right to Acquire. Seller has granted no person or entity 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.

(i) 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.

(j) 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.

(k) Year 2000 Compliance. To the best of Seller's knowledge, all building systems and material computer applications will correctly recognize and perform date sensitive functions involving certain dates prior to and after December 31, 1999.

AS A CONDITION PRECEDENT TO SELLER'S UNDERTAKINGS AND AGREEMENTS HEREUNDER, SELLER EXPRESSLY DISCLAIMS AND PURCHASER ACKNOWLEDGES AND ACCEPTS THAT SELLER HAS DISCLAIMED MAKING ANY REPRESENTATIONS, WARRANTIES, OR ASSURANCES WITH RESPECT TO THE PROPERTY OTHER THAN AS SPECIFICALLY SET OUT HEREIN. OTHER THAN AS SPECIFICALLY SET OUT HEREIN, PURCHASER AGREES THAT WITH RESPECT TO THE PROPERTY IT WILL RELY UPON ITS INSPECTIONS THEREOF

OR ITS DETERMINATIONS NOT TO INSPECT THE SAME, AND UPON CLOSING SHALL ACCEPT THE PROPERTY IN ITS "AS IS" CONDITION, WITH ALL FAULTS, AND WITHOUT REFERENCE TO MERCHANTABILITY OR FITNESS FOR ANY SPECIFIC PURPOSE.

9. Seller's Additional Covenants. Seller does hereby further covenant and agree as follows, if and to the extent that the Closing shall occur after the execution hereof:

(a) Operation of Property. Seller hereby covenants that, from the date of Seller's acquisition of the Property up to and including the date of Closing or earlier termination of this Agreement, Seller shall: (i) not modify, amend, or terminate any Lease or enter into any new lease, contract, or other agreement respecting the Property, (ii) not grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Property, and (iii) 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 Seller's acquisition of the Property 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. Furthermore, Seller shall, for the same period of time, use diligent and good faith efforts to cause the Tenants under the Leases to perform all of their duties and obligations and otherwise comply with each and every one of its covenants and agreements under such Leases and shall take such actions as are reasonably necessary to enforce the terms and provisions of the Leases.

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 or before December 21, 1999.

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) Special Warranty Deed. A Special Warranty Deed conveying to Purchaser indefeasible fee simple title to the Land and Improvements, together with all rights, easements, and appurtenances thereto, subject only to the Permitted Exceptions. The legal description set forth in the Warranty Deed shall be as set forth on Exhibit "A;"

(b) Bill of Sale. A Bill of Sale conveying to Purchaser title to the Personal Property, such Bill of Sale to be in substantially the same form and substance as the bill of sale to Purchaser from Cinemark;

(c) Assignment of Intangible Property. An Assignment of Intangible Property, including all construction warranties and guarantees that Seller receives from Cinemark, such Assignment of Intangible Property to be in substantially the same the form and substance as the assignment of intangible property to Purchaser from Cinemark;

(d) Assignment and Assumption of Leases. An Assignment and Assumption of Leases in substantially the same form and substance as the assignment and assumption of leases between Purchaser and Cinemark, assigning to Purchaser all of Seller's right, title, and interest in and to the Leases and the rents thereunder;

(e) Assignment of Management Contract. An assignment of the Cinemark Management Agreement.

(f) Seller's Affidavit. A customary seller's affidavit in the form required by the Title Company;

(g) FIRPTA Certificate. A FIRPTA Certificate in such form as required by the Internal Revenue Service;

(h) Certificates of Occupancy. Any original certificates of occupancy that Seller receives from Cinemark;

(i) Keys, Records, Etc. Any keys to doors or locks on the Property, any original tenant files, books and records relating to the Property and any other item which Seller receives from Cinemark;

(j) Tenant Notice. Notice from Seller to the Tenants 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; and

(l) Evidence of Issuance of Title Commitment. Purchaser shall receive reasonable assurance that the Title Company will issue an owner's title policy in the form required hereby, with an effective date as of the date and time of recording the Special Warranty Deed, reflecting that Purchaser is vested with fee simple title to the Property, and to reflect that all requirements for the issuance of the same have been satisfied.

(m) Other Documents. Such other documents as shall be reasonably required in order to close this transaction.

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) Bill of Sale. The Bill of Sale;

(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.

(e) Seller Financing Documents. The Seller Financing Documents.

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, the premium for the owner's policy of title insurance

issued pursuant thereto (except to the extent the same is payable by Purchaser as provided in Section 5 above), 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, including third-party inspection fees. 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 Tenants 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 Tenants for any period following the month of Closing, or otherwise.

(b) Property Taxes; Utility Charges and Other Operating Expenses. City, state, county, and school district ad valorem taxes, utility charges and other operating expenses are not being prorated between Seller and Cinemark, but rather will be adjusted between Cinemark and Seller at such time as the year's operating expenses are known and it is determined what, if any, is to be passed on to the tenants based upon their respective expense stops. If as a result of any such adjustment an amount shall be owing between Seller and Cinemark, the same shall be adjusted between Seller and Purchaser, so that Purchaser shall pay any amount owing by Seller to Cinemark and shall receive any amount due to Seller from Cinemark. This agreement to adjust shall survive Closing.

15. Purchaser's Default. In the event purchaser fails to close, Seller's sole and exclusive remedy shall be to terminate this Agreement and thereafter the parties hereto shall have no further rights or obligations hereunder whatsoever, except as to matters expressly surviving termination. Seller shall not be limited with respect to any matters expressly surviving the closing.

Seller's Initial _____ Purchaser's Initials _____

16. Seller's Default. In the event Seller fails to close or otherwise defaults with respect to Closing obligations, (i) Purchaser shall have the right to terminate this Agreement by giving written notice of such termination to Seller, whereupon 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 defects and objections with no reduction in the Purchase Price (except for monetary encumbrances, other than the First Loan Documents, arising by, through or under Seller), in which event such defects and objections shall be deemed "Permitted Exceptions;"

or (iii) Purchaser may elect to seek specific performance of this Agreement. Purchaser shall not be limited with respect to any matters expressly surviving

the closing.

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, 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 17, then 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 Five Hundred Thousand Dollars ($500,000.00) or if a Lease shall terminate as a result of such damage, 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, 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 $500,000.00 and the Leases remain 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 maintained by Seller (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 knowledge 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.

20. 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. Seller may assign this Agreement to an affiliate of Seller formed to take title to the Property.

21. Broker's Commission. 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 Roylston Group ("Broker"), which Seller agrees to pay pursuant to a separate agreement, 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. 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. 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 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: c/o Wells Capital, Inc.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092
Attn: Mr. Michael C. Berndt
Fax No. 770-840-7224

with a copy to: O'Callaghan & Stumm LLP
127 Peachtree Street, N. E., Suite 1330
Atlanta, Georgia 30303
Attn: William L. O'Callaghan, Esq.
Fax No. 404-522-3080

SELLER: c/o Cardinal Capital Partners, Inc.
8411 Preston Road, Suite 850
Dallas, Texas 75225
Fax No. 214-696-9845

with a copy to : Smith, Stern & Friedman, P.C.
8144 Walnut Hill Lane, Suite 1100
Dallas, Texas 75231
Fax No. 214-739-0608

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 or by overnight courier, 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 Leases 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 twelve (12) months from Closing except with respect to paragraph 19 which shall survive for an unlimited time.

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 Georgia. Except as otherwise provided herein, all rights, powers, and privileges conferred hereunder upon the parties shall be cumulative but not restrictive to those given by law. All personal pronouns used

in this Agreement, whether used in the masculine, feminine, or neuter gender shall include all genders, and all references herein to the singular shall include the plural and vice versa.

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.

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.

31. Confidentiality. Pending the Closing, Purchaser and Seller agree to keep the terms of this Agreement, and the existence thereof, strictly confidential; provided, however, reasonable disclosure may be made to the parties attorneys, accountants, advisors, lenders, prospective lenders, investors, prospective investors and other persons whose involvement in the transaction requires such disclosure. Purchaser shall not in no event contact Cinemark nor inform Cinemark of this Agreement.

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:

CNMRK HQ INVESTORS, L.P., INC., a Texas limited partnership

By: CCP INVESTORS GP, INC., a Texas corporation, its general partner

By: /s/ M. Scott Kipp

M. Scott Kipp, Vice President

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

By: WELLS REAL ESTATE INVESTMENT TRUST, a Maryland real estate investment trust

By: /s/ Leo F. Wells, III

Printed Name: Leo F. Wells, III

Title: President

EXHIBIT 10.39

LEASE AGREEMENT

WITH CINEMARK USA, INC.

FOR THE CINEMARK BUILDING

3900 Dallas Parkway
Plano, Texas

OFFICE BUILDING LEASE

BETWEEN

CNMRK HQ INVESTORS, L.P.

a Texas limited partnership

AS LANDLORD

AND

CINEMARK USA, INC.,

a Texas corporation

AS TENANT

PART ONE

OFFICE BUILDING LEASE

In consideration of the mutual covenants and upon the terms and conditions set forth in Part One "Basic Lease Provisions", Part Two "General Lease Provisions", and other attachments and exhibits numerated in the Table of Contents to this Office Building Lease ("Lease"), CNMRK HQ Investors, L.P., a Texas limited partnership ("Landlord"), hereby leases to the Tenant named below and Tenant hereby leases from Landlord, certain premises described below.

PART ONE

BASIC LEASE PROVISIONS

1. Tenant: Cinemark USA, Inc., a Texas corporation.

2. Premises: The premises outlined and crosshatched on Exhibit B hereof and containing approximately 65,855 square feet of Rentable Area on the fifth, fourth and portions of the third floors of the Building. (Part Two, Article 1)

3. Term: Beginning on December 21, 1999 (the "Commencement Date") and ending on December 20, 2009 (the "Expiration Date"). (Part Two, Article 2)

4. Base Rent (Part Two, Section 3.1): Base Rent shall be as follows:

Years	Rent P.S.F.	Annual Rent	Monthly Installment
1-7	$20.75	$1,366,491.25	$113,874.27
8-10	$22.50	$1,481,737.50	$123,478.13

5. Expense Stop: $6.50 per square foot of Rentable Area of the Premises [Part Two, Section 3.2(c)(ii)]

6. Security Deposit: None (Part Two, Section 3.5)

7. Intentionally Deleted

8. Premises Use: Office space. (Part Two, Article 6)

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9. Tenant's Insurance (Part Two, Article 8):

Commercial General Liability:	$2,000,000
Workers' Compensation:	Statutory Limit
Employers' Liability:	$1,000,000
All Risk Property:	Full Replacement Value
Business Interruption/Excess Expense:	12 months' coverage

10. Addresses For Notices and Payment of Rent and Other Charges (Part Two, Article 16):

TO TENANT:	TO LANDLORD:
Cinemark USA, Inc.	CNMRK HQ Investors, L.P.
Attention: Vice President-Real Estate	Attention: Gil Besing
3900 Dallas Parkway, Suite 500	8411 Preston Rd., Suite 850
Plano, Texas 75093	Dallas, Texas 75225

11. Brokers (Part Two, Article 17): None

12. Parking Spaces (Part Two, Article 19): Number of parking spaces: One space per 230 square feet of Rentable Area of the Premises which shall be free of charge. As part of the parking spaces provided to Tenant pursuant to the preceding sentence, Tenant shall be entitled to up to twenty-seven (27) reserved parking spaces, for which there is no monthly charge. There shall be no charge for the such parking spaces made available to Tenant under the terms of this Lease.

13. Exhibits and Riders: The following numbered Riders are attached to this Lease and made of a part of this Lease for all purposes:

Exhibit A: Legal Description of Project
Exhibit B: Floor Plans
Exhibit C: Operating Costs
Exhibit D: Rules and Regulations
Exhibit E: Subordination, Non-Disturbance and Attornment Agreement

Rider 1: Signage
Rider 2: Renewal Option

14. Incorporation of Other Provisions: All of the provisions, covenants and conditions set forth in Part Two and all other exhibits and riders described in the attached Table of Contents and the preceding paragraph, are by this reference incorporated into the Basic Lease Provisions as fully as if the same were set forth at length in the Basic Lease Provisions. Each reference in Part Two and exhibits and riders to any provision in the Basic Lease Provisions will be construed to incorporate all of the terms provided under the referenced provision in the Basic Lease Provisions. In the event of any conflict between a provision in the Basic Lease Provisions, on the one hand, and a provision in Part Two or exhibits or riders, on the other hand, the latter will control.

This Lease has been executed by Landlord and Tenant as of the 21st day of December, 1999.

TENANT:	LANDLORD:
CINEMARK USA, INC.	CNMRK HQ INVESTORS, L.P.

By: CCP INVESTORS GP, INC.,
its General Partner

By: /s/ Margaret E. Richards

Name: Margaret E. Richards

Title: Vice President - Real Estate

By: /s/ M. Scott Kipp

Name: M. Scott Kipp

Title: Vice President

PART TWO

GENERAL LEASE PROVISIONS

1. PREMISES, COMMON AREAS, SERVICE AREAS

1.1 Building. The term "Building" in this Lease will refer to the office building situated on a tract of land ("Land") in the City of Plano and County of Collin, Texas, described in Exhibit A of this Lease, and having a postal address of 3900 Dallas Parkway, Suite 500, Plano, Texas 75093. The Land, Building, Garage and any other improvements situated on the Land are sometimes referred to collectively as the "Project".

1.2 Computation of Rentable Area. The "Rentable Area" of the Premises shall be calculated in accordance with the American National Standard Method for Measuring Floor Area in Office Buildings of the Building Owners and Managers Association International ("BOMA") (ANSI Z65.1 - 1980, reaffirmed in 1989).

1.3 Variations in Rentable Area. The Rentable Area of the Premises contained in the Basic Lease Provisions has been calculated in accordance with the foregoing standard and is agreed to be the Rentable Area of the Premises regardless of minor variations resulting from construction of the Building and/or tenant improvements. Notwithstanding the preceding sentence, after the final rentable area of the Coca-Cola leased premises in the project is measured in accordance with the provisions of the Coca-Cola lease, the Rentable Area shall be adjusted to be (and the Base Rent shall be adjusted based upon) an amount equal to the difference obtained by subtracting the rentable area of the Coca-Cola leased premises from 118,108.

1.4 Ceilings, Walls, Floors. Tenant acknowledges that pipes, ducts, conduits, wires and equipment serving other parts of the Building may be located above acoustical ceiling surfaces, below floor surfaces or within walls in the Premises.

1.5 Condition of Premises. Tenant acknowledges that the Premises and the Project are in satisfactory order and condition. Tenant further agrees to accept the Premises and the Project "as is."

1.6 Common and Service Areas. Tenant is hereby granted a nonexclusive right to use the Common Areas during the term of this Lease for their intended purposes, in common with others, subject to the terms and conditions of this Lease, including, without limitation, the provisions of Section 19 pertaining to

use of the parking areas and the Rules and Regulations.

(a) Common Areas. "Common Areas" will mean all areas, spaces, facilities, and equipment in the Project made available by Landlord for the common and joint use of Landlord, Tenant and others, including, but not limited to, sidewalks, parking areas, driveways, landscaped areas, loading areas, public corridors, public restrooms, Building lobbies, stairs and elevators, drinking fountains and such other areas and facilities, if any, as are designated by Landlord from time to time as Common Areas.

(b) Service Areas. "Service Areas" will refer to areas, spaces, facilities and equipment serving the Project but to which Tenant and other occupants of the Building will not have access, including, but not limited to, mechanical, electrical and similar rooms, and air and water refrigeration equipment.

2. TERM

2.1 Term. The Term of this Lease will commence on the Commencement Date set forth in the Basic Lease Provisions and will terminate on the Expiration Date set forth in the Basic Lease Provisions, unless sooner terminated in accordance with the provisions of this Lease.

2.2 Intentionally Deleted.

2.3 Intentionally Deleted.

2.4 Holding Over. If Tenant, or any party claiming rights to the Premises through Tenant, retains possession of the Premises without the written consent of Landlord after the Expiration Date or earlier termination of this Lease, such possession will constitute a tenancy at will, subject, however, to all the terms and provisions of this Lease, except for (i) the Term and (ii) the annual Base Rent, which annual Base Rent will become an amount equal to one hundred fifty percent (150%) of the highest amount set forth in this Lease as annual Base Rent, plus any adjustments which have previously occurred. No holding over by Tenant, and no acceptance of rental payments by Landlord during a holdover period, whether with or without the consent of Landlord, will operate to extend this Lease.

2.5 Right of First Refusal.

(a) So long as Tenant is not in default under the Lease after written notice and expiration of any applicable cure period, and Tenant is occupying the Premises, Tenant shall have a right of refusal ("Right of First Refusal") to lease any of the remaining rentable area of the Building that is not part of the

Premises (the "Vacant Space"), upon the terms and conditions set forth in this Section 2.5.

(b) If, during the period that Tenant's Right of First Refusal is in effect, Landlord receives or makes an acceptable offer or proposal to lease all or any portion of the Vacant Space to a bona fide third party, then Landlord shall offer to Tenant in writing ("Refusal Notice") the right to include the space covered by the Refusal Notice ("Option Space") under the Lease at the

rents for such Option Space which Landlord would lease to such third party, which rents will be set forth in the Refusal Notice.

(c) Tenant shall exercise its Right of Refusal, if at all, by providing written notice of exercise to Landlord (which shall be unconditional and irrevocable) within fifteen (15) days after a Refusal Notice is given to Tenant. If Tenant fails to respond in writing within such fifteen (15) day period, or if Tenant otherwise elects to not exercise its Right of Refusal, then (i) Tenant shall be deemed to have waived its Right of Refusal to lease the Option Space, and (ii) Landlord shall have one hundred twenty (120) days to lease the Option Space to the third party on economic terms and conditions no more favorable to the third party tenant than were contained in the Refusal Notice; otherwise, Landlord shall reoffer such Option Space to Tenant in accordance with the foregoing provisions.

(d) Upon any addition of space to the Premises pursuant to Tenant's exercise of its Right of Refusal, Landlord and Tenant shall execute and deliver an amendment to this Lease providing for such addition.

3. MONETARY PROVISIONS

3.1 Base Rent. Tenant will pay as the monthly installment of "Base Rent" for each month of the Term, the sum set forth in the Basic Lease Provisions, in advance on or before the first day of each calendar month of the Term, without deduction, offset, prior notice, or demand, and in lawful money of the United States. If the Commencement Date is not the first day of a calendar month, Tenant will pay to Landlord on the Commencement Date a portion of the monthly installment of Base Rent prorated on the basis of a thirty (30) day month.

3.2 Tenant's Share of Certain Costs. In addition to all other sums due under this Lease, Tenant will pay to Landlord as additional monthly rent, in the manner and at the times set forth below, (1) Tenant's Pro-rata Share of Electricity Costs as calculated in accordance with Section 3.2(c)(i) below for each calendar year or partial calendar year, and (2) Tenant's Pro-Rata Share of Operating Costs as calculated in accordance with Section 3.2(c)(ii) for each calendar year or partial calendar year.

(a) Electricity Costs. "Electricity Costs" shall mean the costs incurred by Landlord for (i) electricity utilized in connection with the operation, maintenance, and use of the Project, and (ii) sales, use, excise and other taxes assessed by governmental authorities on electricity.

(b) Operating Costs. "Operating Costs" will mean all costs, charges, and expenses incurred by Landlord (excluding Electricity Costs) in connection with operating, maintaining, repairing, insuring and managing the Project, provided that such Operating Costs are substantially consistent with Operating Costs incurred by owners of other first-class office buildings in the Plano, Texas area. Operating Costs shall be computed on an accrual basis and shall include, without limitation, costs, charges and expenses incurred with respect to the items enumerated as "Operating Cost Examples" in Paragraph 2 of Exhibit C to this Lease. Operating Costs will not include those items enumerated as "Operating Cost Exclusions" in Paragraph 1 of Exhibit C to this Lease. Tenant reserves the right to protest or appeal the appraised value of the Premises, as well as the Project and Building, and the right to receive notices of reappraisement as set forth in Sections 41.413 and 42.015 of the Texas Tax Code.

(c) Pro Rata Share Computation.

(i) "Tenant's Pro Rata Share of Electricity Costs" will be

computed by multiplying (i) the Electricity Costs per square foot of Rentable Area in the Building times (ii) the number of square feet of Rentable Area in the Premises. Notwithstanding the preceding sentence, if Landlord or Tenant elects to have a separate meter installed to measure the electricity consumed within the Premises pursuant to Section 5.3(b)(ii), then Tenant's Pro Rata Share of Electricity Costs will be the sum of (A) the costs of electricity consumed within the Premises, as measured by the separate meter, and (B) the costs of electricity consumed in connection with the operation of the Common Areas, as reasonably determined by Landlord, multiplied by a fraction, the numerator of which is the number of square feet of Rentable Area in the Premises and the denominator of which is the number of square feet of Rentable Area in the Building.

(ii) "Tenant's Pro Rata Share of Operating Costs" will be computed by multiplying (A) the amount, if any, by which the Operating Costs per square foot of Rentable Area in the Building exceed the Expense Stop, times (B) the number of square feet of Rentable Area in the Premises.

(d) Estimated Costs. Tenant's Pro Rata Share of Electricity Costs and Tenant's Pro Rata Share of Operating Costs for the remainder of the first calendar year (whether full or partial) and for each subsequent calendar year of the Term will be estimated by Landlord, and notice of such estimated amounts will be given to Tenant at least thirty (30) days prior to the Commencement Date or the beginning of each calendar year, as the case may be. For the partial calendar year after the Commencement Date, Tenant will pay to Landlord each month,

at the same time as the monthly installment of Base Rent is due, an amount equal to Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for the remainder of such calendar year divided by the number of full months remaining in such year. For each full calendar year of the Term, Tenant will pay to Landlord each month, at the same time as the monthly installment of Base Rent is due, an amount equal to one-twelfth (1/12) of Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs due for such calendar year. If the Expiration Date does not occur on December 31, for the partial calendar year preceding the Expiration Date, Tenant will pay to Landlord, each month, at the same time as the monthly installment of Base Rent is due, an amount equal to the amount of Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for such partial calendar year divided by the number of full calendar months of such partial calendar year.

(e) Estimate Revisions. At any time and from time to time during the Term, Landlord will have the right, by notice to Tenant, to change the monthly amount then payable by Tenant for Tenant's estimated Pro Rata Share of Electricity Costs or Pro Rata Share of Operating Costs to reflect more accurately, in the reasonable judgment of Landlord, the actual amount of such costs payable by Tenant for the then current calendar year. Tenant will begin paying the revised estimated amount together with the next monthly payment of Base Rent due after receipt by Tenant of Landlord's notice.

(f) Annual Adjustments. On or before April 1 of each calendar year, Landlord will prepare and deliver to Tenant a statement setting forth the calculation of Tenant's actual Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for the previous calendar year. Within thirty (30) days after receipt of such statement, Tenant will pay to Landlord, or Landlord will credit against the next rental or other payment or payments due from Tenant, as the case may be, the difference between Tenant's actual Pro Rata Share of Electricity Cost and Pro Rata Share of Operating Costs for the preceding calendar year and Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs paid by Tenant during such year. Tenant shall have the right to conduct an audit ("Tenant's Audit") of the Electricity Costs and

the Operating Costs in respect of a calendar year provided that all the following conditions are met in strict accordance with their terms: (i) such audit is conducted within one (1) year after Landlord delivers to Tenant the calculation of Tenant's actual Pro Rata Share of Electricity Costs or Pro Rata Share of Operating Costs, as the case may be, for such calendar year (time being of the essence with respect thereto); and (ii) such audit is conducted at hours reasonably designated by Landlord. The results of Tenant's Audit shall be made available to Landlord. The result of Tenant's Audit shall be binding upon the parties unless Landlord, during the thirty (30) day period after receipt of Tenant's Audit, requests that another audit of the relevant costs be performed. If such request is timely made, Landlord and Tenant shall retain a mutually acceptable accounting firm to conduct such audit (the "Mutual Audit"), the results of which shall be binding upon the parties. The cost of the Mutual Audit shall be borne equally by Landlord and Tenant. Tenant shall pay the cost of Tenant's Audit; provided, however, that if Tenant's Audit (or, in the alternative, the Mutual Audit if one is conducted) determines that Landlord's calculation of the aggregate total of Electricity Costs and Operating Expenses was overstated by more than five percent (5%), then Landlord shall reimburse Tenant for the cost of Tenant's Audit. If Tenant's Audit (or, in the alternative, the Mutual Audit if one is conducted) determines that Landlord has charged, and Tenant has paid, Electricity Costs or Operating Costs in excess of such costs required to be paid by Tenant under the terms of this Lease, Landlord shall, at Landlord's election (notice of which election shall be sent to Tenant within twenty (20) days after the amount of any such excess has been finally determined), either (A) promptly reimburse Tenant the amount of such excess, or (B) credit the entire amount of such excess against the next installment of rent becoming due under this Lease.

(g) Final Partial Year. If the Term will expire or this Lease has been terminated prior to a final determination of Tenant's actual Pro Rata Share of Electricity Costs or Pro Rata Share of Operating Costs, the amount of adjustment between Tenant's estimated pro rata share of such costs and Tenant's actual pro rata share of such costs payable for the preceding calendar year and/or the final partial calendar year of the Term will be projected by the Landlord based upon the best data available to Landlord at the time of the estimate. Within thirty (30) days after receipt of a statement from Landlord setting forth Landlord's projections, Tenant will pay to Landlord, or Landlord will pay to Tenant, as the case may be, the difference between Tenant's projected actual Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for the period in question and Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs paid by Tenant for the period in question. The obligations set forth in the preceding sentence will survive the Expiration Date or earlier termination of this Lease.

(h) Adjustment for Occupancy. During any calendar year in which the Building has less than full occupancy, Operating Costs will be computed as though the Building had been completely occupied for the entire calendar year.

3.3 Personal Property Taxes. Tenant agrees to pay, before delinquency, all taxes, fees or charges, rates, duties and assessments, imposed, levied or assessed directly against Tenant, or indirectly through Landlord, and payable during the Term hereof, upon Tenant's equipment, furniture, movable trade fixtures and other personal property located in the Premises.

Tenant will also pay, before delinquency, business and other taxes, fees or charges, rates, duties and assessments imposed, levied or assessed because of the Tenant's occupancy of the Premises or upon the business or income of the Tenant generated from the Premises.

3.4 Intentionally Deleted.

3.5 Intentionally Deleted.

3.6 Late Payments. Should Tenant fail to pay any installment of Base Rent on or before the tenth (10th) day of each calendar month, Interest (as hereinafter defined) will accrue from the date on which such sum is due and such Interest, together with a "Late Charge" (herein so called) in an amount equal to five percent (5%) of the installment then due, will be paid by Tenant to Landlord at the time of payment of the delinquent sum. The Late Charge is agreed by Landlord and Tenant to be a reasonable estimate of the extra administrative expenses incurred by Landlord in handling such delinquency.

3.7 Interest. Whenever reference is made in this Lease to the accrual of interest on sums due Landlord or whenever any amount owed to Landlord is not paid when due, such sum will bear interest ("Interest") at an annual rate equal to the lesser of (i) two percent (2%) over the "base" or "prime" rate published from time to time by Nations Bank, N.A., or (ii) the maximum lawful rate.

3.8 Administrative Reimbursement. In the event Landlord performs construction, maintenance, or repairs for Tenant under Sections 7.3, 8.5 or 12.2 of Part Two of this Lease, Tenant will reimburse Landlord within ten (10) days after receipt of an invoice from Landlord for the cost of such construction, maintenance or repairs plus an amount equal to ten percent (10%) of such costs ("Administrative Reimbursement") to reimburse Landlord for administration and overhead.

3.9 Additional Rent. Any payments to be made by Tenant to Landlord under this Lease in addition to the Base Rent, whether or not denominated as rent, will be deemed to be additional rent under this Lease for the purpose of securing their collection and will constitute rent for purposes of Section 502 of the Bankruptcy Code. Landlord will have the same rights and remedies upon Tenant's failure to make such payments as for the nonpayment of Base Rent.

4. CONSTRUCTION

Intentionally Deleted

5. SERVICES AND UTILITIES

5.1 Services by Landlord. Provided Tenant is not in default under this Lease, and subject to the conditions and standards set forth in this Lease and to standards, limitations and guidelines imposed by governmental authorities and utility companies, Landlord will furnish or cause to be furnished the following services and utilities: (i) heat and air conditioning to the Premises during "Normal Business Hours" (as defined in the Rules and Regulations), at such temperatures and in such quantities as Landlord determines are reasonably necessary for the comfortable use and occupancy of the Premises for general office purposes and as is consistent with the operation of a first class office building in the Dallas/Fort Worth metropolitan area; (ii) water at the normal temperature of the supply of water to the Building for lavatory and drinking purposes through fixtures installed by Landlord or by Tenant with Landlord's consent; (iii) janitorial cleaning services to those portions of the Premises which are used for office purposes five (5) days per week (except on holidays observed by the Building); (iv) cleaning of the carpet in the Premises at least two (2) times each calendar year; (v) twenty-four (24) hour, nonexclusive passenger elevator service and, when scheduled through the Building management, nonexclusive freight elevator service to the floor(s) on which the Premises are located; (vi) routine maintenance in the Common Areas to maintain such areas in good condition and repair; (vii) replacement of standard light bulbs, fluorescent tubes, and ballasts in the Premises; and (viii) electric current to

the Premises for standard office lighting and office machines which consume electric current within the parameters set forth in Section 5.3(a)(i) of this Lease. All services referred to in this Section 5.1 shall be provided by Landlord and (subject to the provisions of Exhibit C) paid for by Tenant as part of Tenant's payment of Tenant's Pro Rate Share of Electrical Costs and Pro Rata Share of Operating Costs.

5.2 Tenant's Obligations. Tenant will pay for, prior to delinquency, all telephone charges and all other materials and services not expressly the obligation of Landlord that are furnished to or used on or about the Premises during the Term of this Lease.

5.3 Tenant's Additional Service Requirements.

(a) Additional Services Requiring Landlord Consent. Tenant will not, without Landlord's prior written consent, such consent not to be unreasonably withheld or delayed, do the following: (i) install or use special lighting beyond Building standard, or any equipment, machinery, or device in the Premises which requires a nominal voltage of more than one hundred twenty (120) volts single phase, or which in Landlord's reasonable opinion exceeds the capacity of existing feeders, conductors, risers, or wiring in or to the Premises or Building, or which requires amounts of water in excess of that usually furnished or supplied for use in office space, or which

will decrease the amount or pressure of water or the amperage or voltage of electricity Landlord can furnish to other occupants of the Building; (ii) install or use any heat or cold-generating equipment, machinery or device which affects the temperature otherwise maintainable by the heat or air conditioning system of the Building; (iii) use portions of the Premises for special purposes requiring greater or more difficult cleaning work than office areas, such as, but not limited to, interior glass partitions, and non-Building standard materials or finishes; or (iv) accumulate refuse or rubbish (A) in excess of that ordinarily accumulated in business office occupancy or (B) at times other than the Building's standard cleaning times.

(b) Providing Additional Services. If, in the reasonable opinion of Landlord, additional services to Tenant are necessary, Landlord will have the following rights:

(i) Removal by Tenant. Landlord may require that Tenant cease the activity or remove the item (or refuse to permit the activity or installation of the item), causing (or which will cause) the need for such additional service, if Landlord and Tenant are not able to agree upon a mutually satisfactory method for providing such additional services or, in the reasonable opinion of Landlord, providing such additional service is not operationally or economically feasible.

(ii) Separate Metering. Landlord may, at Landlord's expense, install and maintain separate metering devices. Landlord agrees that it will, at the request of Tenant, cause separate metering devices to be installed to monitor electricity usage in the Premises, and in such event the cost of such meters and their installation, maintenance and repair shall be the obligation of Tenant. Landlord may also cause periodic usage surveys to be prepared by an engineer employed by Landlord for such purpose, the cost of which shall be included in Operating Costs.

(iii) Additional HVAC. With respect to heat or cold generating

equipment, Landlord may furnish additional heat or air conditioning to the Premises, or install supplementary heating or air conditioning units in the Premises or elsewhere in the Building, or modify the existing heating or air conditioning system in the Premises so long as the quality of such services is not diminished. The actual cost of additional heat or air conditioning, supplementary units, or modifications to the existing system specifically made for the Premises at the request of Tenant will be the obligation of Tenant.

(iv) Replacement Bulbs. With respect to lighting requested by Tenant beyond standard lighting used throughout the Building, Landlord may purchase and replace, at the expense of Tenant, light bulbs and ballasts and/or fixtures.

(v) Additional Janitorial Services. With respect to additional cleaning work, Landlord may instruct Landlord's janitorial contractor to provide such services and the cost of such service will be the obligation of Tenant.

(vi) Substitution of Cleaning Contractors. In the event that Tenant, in its reasonable judgement, is dissatisfied with the janitorial service provided in the Premises by Landlord's cleaning contractor, Tenant shall send written notice thereof (a "Janitorial Complaint Notice") to Landlord stating with particularity the basis for such dissatisfaction. If Landlord fails to cure the cited problem with the janitorial service to Tenant's reasonable satisfaction within fifteen (15) days after receiving a Janitorial Complaint Notice, then Landlord shall allow Tenant to contract directly with a cleaning company reasonably acceptable to Landlord for the provision of janitorial services to the Premises. In such event, Tenant shall pay the cost of janitorial services to the Premises and the cost of janitorial services included in Operating Costs under this Lease shall be limited to the cost of janitorial services in the Common Areas.

(c) After Hours Heat or Air Conditioning. Landlord will use reasonable efforts to provide after hours heat or air conditioning, at the cost of Tenant, upon request from Tenant received no later than 3:00 p.m. on a week day for service required the same night (or prior to business hours of the following day) or 3:00 p.m. of the last business day before a weekend or a holiday for service required on a weekend or holiday. The cost of after hours heat or air conditioning charged to Tenant will equal the actual cost to Landlord of providing such after hours heat or air conditioning.

(d) Payment. Tenant will pay to Landlord the cost of any additional service and any other cost for which Tenant is obligated under Section 5.3(b) or (c) within thirty (30) days after receipt of an invoice with respect to same from Landlord.

5.4 Interruption of Utility Service. Landlord will use Landlord's best efforts to provide the services required of Landlord under this Lease. However, Landlord reserves the right, without any liability to Tenant and without affecting Tenant's covenants and obligations under this Lease, to stop or interrupt or reduce any of the services listed in Section 5.1 or to stop or interrupt or reduce any other services required of Landlord under this Lease, whenever and for so long as may be necessary (provided that Landlord shall use its best efforts to minimize any disruption of or interference with Tenant's use and occupancy of the Premises, with the additional expense thereof to be included in Operating Costs) by reason of (i) accidents or emergencies, (ii) the making of repairs or changes which Landlord in good faith deems necessary or is required or is permitted by this Lease or by law to make, (iii) difficulty in securing proper supplies of fuel, water, electricity, labor or supplies, (iv) the compliance by Landlord with governmental,

quasi-governmental or utility company energy conservation measures, or (v) the exercise by Landlord of any right under Section 6.5. Landlord will, in the event of an interruption of a utility service, use Landlord's best efforts to cause such service to be resumed. However, no interruption or stoppage of any of such services will ever be construed as an eviction of Tenant nor will such interruption or stoppage cause any abatement of the rent payable under this Lease or in any manner relieve Tenant from any of Tenant's obligations under this Lease. Notwithstanding the preceding sentence, however, if any interruption of electrical or water service to the Premises results from the negligence of Landlord and continues for five (5) consecutive days, Tenant shall be entitled to an abatement of Base Rent beginning upon the sixth (6th) day of such interruption and ending at such time as electrical or water service, as the case may be, is restored to the Premises.

6 OCCUPANCY AND CONTROL

6.1 Use. The Premises will be used and occupied by Tenant for general office purposes and for no other purposes. In no event will the term "general office purposes" be construed to include an educational facility or school, a telemarketing operation or a personnel agency.

6.2 Access to the Building and Premises; Telephone System.

(a) Landlord shall furnish Tenant, at no cost to Tenant, one (1) card key to the Premises for each employee of Tenant working in the Premises; however, Tenant shall be required to pay a reasonable fee determined by Landlord for any replacement card keys.

(b) Notwithstanding anything to the contrary contained in the Rules and Regulations (as hereinafter defined), Tenant shall have the right, at its sole cost and expense, to control access to the Premises through the use of locks, card key or other access systems; provided, however, that Landlord shall have the right to approve the design and installation of such system (which approval shall not be unreasonably withheld) and provided further that Landlord shall always be furnished with such keys, electronic keys, key cards, access codes, or similar access devices as are necessary to provide Landlord with access to the Premises.

(c) Tenant shall have the right, at its sole cost and expense, to install its own telephone system in the Premises; provided, however, that Landlord shall have the right to approve the design and installation of such system (which approval shall not be unreasonably withheld).

6.3 Rules and Regulations. Tenant's use of the Premises and the Common Areas will be subject at all times during the Term to the "Rules and Regulations" attached to the Lease as Exhibit D and to any modifications of such Rules and Regulations and any additional Rules and Regulations from time to time promulgated by Landlord in Landlord's reasonable discretion (the "Rules and Regulations"). Additional Rules and Regulations will not become effective and a part of this Lease until a copy of same has been delivered to Tenant. The inability of Landlord to cause another occupant of the Building to comply with the Rules and Regulations will neither excuse Tenant's obligation to comply with such Rules and Regulations or any other obligation of Tenant under this Lease nor cause the Landlord to be liable to Tenant for any damage resulting to Tenant. Tenant will cause Tenant's employees, servants and agents to comply with the Rules and Regulations.

6.4 Additional Covenants of Tenant.

(a) Laws, Statutes. As respects the interior of the Premises, Tenant will, at Tenant's sole cost, promptly comply with (i) all laws, orders, regulations, and other government requirements now in force or hereafter enacted relating to the use, condition, or occupancy of the Premises, including without limitation, (A) Title III of The Americans with Disabilities Act of 1990, all regulations issued thereunder, and the Accessibility Guidelines for Buildings and Facilities issued pursuant thereto, and the Texas Architectural Barriers Act, as the same are in effect on the date of this Lease and as hereafter amended ("Disabilities Acts"), and (B) all applicable laws, ordinances, and regulations (including consent orders and administrative orders) relating to public health and safety and protection of the environment and regulation of "Hazardous Substances", as such term is defined in Article 21 of the General Lease Provisions ("Environmental Laws"), and (ii) all rules, orders, mandates, directives, regulations and requirements pertaining to the use of the Premises and the conduct of Tenant's business imposed by Landlord's insurers, American Insurance Association (formerly known as "National Board of Fire Underwriters") or insurance service office, any utility company serving the Building or any other similar body having jurisdiction over the Building, any related parking areas, and the Premises. The foregoing provisions of this Section 6.4(a) shall in no event be construed to require Tenant to make any modifications to the Building or any improvements other than the interior of the Premises which may be required by applicable laws, orders, regulations and other governmental requirements, it being agreed that Landlord shall be responsible for such modifications subject to the provisions of Article 3 and Exhibit C.

(b) Nuisance. Tenant will not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the operation of the Project or with the rights of other tenants or occupants of the Project or injure, disturb or annoy other tenants or occupants of the Project.

(c) Building Reputation. Tenant will not use or permit the Premises to be used for any objectionable purpose or any purpose which, in the reasonable opinion of the Landlord, harms or tends to harm the business or reputation of the Landlord or Building or reflects unfavorably on the Building, or any part of the Building, or deceives or defrauds the public.

(d) Recording. Neither Landlord nor Tenant will record this Lease or any memorandum of this Lease without the prior written consent of the other party. Either Landlord or Tenant will, upon request of the other party, execute, acknowledge and deliver to the other party a short form or memorandum of this Lease for recording purposes.

6.5 Access by Landlord. Landlord reserves the right for Landlord and Landlord's agents to enter the Premises at any reasonable time, upon reasonable prior notice to Tenant: (a) to inspect the Premises (which inspections shall be conducted during business hours except in the event of an emergency), (b) to supply janitorial service or other services to be provided by Landlord to Tenant under this Lease, (c) to show the Premises to prospective lenders or purchasers, (d) to maintain or repair any portions of the Premises for which Landlord is responsible or any other portion of the Building abutting the Premises, (e) to install, maintain, repair, replace or relocate any pipe, duct, conduit, wire or equipment serving other portions of the Building but located in the ceiling, wall or floor of the Premises, (f) to perform any other obligation of Tenant after Tenant's failure to perform same, or (g) upon default by Tenant under this

Lease. Furthermore, during the last six (6) months of the Term, Landlord and Landlord's agents shall have the right to enter the Premises at any reasonable time, upon reasonable prior notice to Tenant, to show the Premises to prospective tenants. If Landlord enters the Premises for the purpose of performing work, Landlord may erect scaffolding and store tools, material, and equipment in the Premises when required by the character of the work to be performed.

6.6 Control of Project. The Building and Common Areas will be at all times under the exclusive control, management and operation of the Landlord. Landlord hereby reserves the right from time to time to close temporarily doors, entry ways, public spaces and corridors and to interrupt or suspend temporarily Building services and facilities in order to perform any redecorating or alteration or in order to prevent the public from acquiring prescriptive rights in the Common Areas. Landlord agrees that the number of parking spaces available to tenants of the Project shall in all events comply with applicable parking ordinances.

6.7 Minimization of Disruption. Landlord will attempt not to disrupt Tenant's operations in the Premises during the exercise of Landlord's rights or the performance by Landlord of Landlord's obligations under this Lease, but will not be required to incur extra expenses in order to minimize such disruption. No exercise by Landlord of any right or the performance by Landlord of Landlord's obligations under this Lease will constitute actual or constructive eviction or a breach of any express of implied covenant for quiet enjoyment.

7. REPAIRS, MAINTENANCE AND ALTERATIONS

7.1 Landlord's Repair Obligations. Landlord will, subject to the casualty provisions of Article 9, maintain (a) the Common Areas and Service Areas, (b) roof, foundation, exterior windows and load bearing items of the Building; (c) exterior surfaces of walls; (d) plumbing, pipes and conduits located in the Common Areas or Service Areas of the Building, and (e) the Building central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems. Landlord will not be required to make any repair in connection with or resulting from (i) any alteration or modification to the Premises or to Building equipment performed by or on behalf of Tenant or to special equipment or systems installed by or on behalf of Tenant, (2) the installation, use or operation of Tenant's property, fixtures and equipment, (3) the moving of Tenant's property in or out of the Building or in and about the Premises, (4) Tenant's use or occupancy of the Premises in violation of Article 6 or in a manner not contemplated by the parties at the time of execution of this Lease (e.g., subsequent installation of special use rooms), (5) the acts or omissions of Tenant and Tenant's employees, agents, invitees, subtenants, licensees or contractors, (6) fire or other casualty, except as provided in Article 9, or (7) condemnation, except as provided in Article 10. Depending upon the nature of repairs undertaken by Landlord, the cost of such repairs will be borne solely by Landlord or reimbursed to Landlord either by a particular tenant or tenants or by all tenants as an Operating Cost as provided in this Lease.

7.2 Tenant's Repair Obligations. Except for janitorial services and Landlord's services pursuant to Section 7.1 above provided by Landlord, Tenant, at Tenant's expense, will maintain the Premises in good order, condition and repair including, without limitation, the interior surfaces of the windows, walls and ceilings; floors; wall and floor coverings; window coverings; doors; interior windows; and all switches, fixtures and equipment in the Premises. Upon receipt of reasonable notice from Tenant, Landlord will perform, at the expense of Tenant, all repairs and maintenance to plumbing, pipes and electrical wiring located within walls, above ceiling surfaces and below floor surfaces resulting

from the use of the Premises by Tenant. In no event will Tenant be responsible for any plumbing, pipes and electrical wiring, switches, fixtures and equipment located in the Premises but serving another tenant or for portions of the central heat, ventilation and air conditioning, electrical, mechanical and plumbing systems of the Building which are located in the Premises, except for (i) repairs resulting from the acts of Tenant and Tenant's employees, agents, invitees,

subtenants, licensees or contractors, (ii) modifications made to such systems by or on behalf of Tenant, and (iii) special equipment installed by or on behalf of Tenant.

7.3 Rights of Landlord. In the event Tenant fails, in the reasonable judgment of Landlord, to maintain the Premises in good order, condition and repair, Landlord will have the right to perform such maintenance, repairs, refurbishing or repairing at Tenant's expense.

7.4 Surrender. Upon the expiration or earlier termination of this Lease, or upon the exercise by Landlord of Landlord's right to re-enter the Premises without terminating this Lease, Tenant will surrender the Premises in the same condition as received or as subsequently improved by Landlord or Tenant, except for (i) ordinary wear and tear and (ii) damage by fire, earthquake, acts of God or the elements, and will deliver to Landlord all keys for the Premises and Garage and combinations to safes located in the Premises. Tenant will remove, or cause to be removed, from the Premises or the Building, at Tenant's expense and as of the Expiration Date or earlier termination of this Lease, all signs (including any signs located on the Premises, i.e., building or monument signs), notices, displays, and trade fixtures of Tenant. Tenant agrees to repair, at Tenant's expense, any damage to the Premises or any other part of the Project resulting from the removal of any articles of personal property, movable business or trade fixtures, machinery, equipment, furniture or movable partitions, including without limitation, repairing the floor and patching and painting the walls where required by Landlord. Tenant's obligations under this Section 7.4 will survive the expiration or earlier termination of this Lease. If Tenant fails to remove any item of property permitted or required to be removed at the expiration or earlier termination of the Term, Landlord, may, at Landlord's option, (a) remove such property from the Premises at the expense of Tenant and sell or dispose of same in such manner as Landlord deems advisable, or (b) place such property in storage at the expense of Tenant. Any property of Tenant remaining in the Premises ten (10) days after the Expiration Date or earlier termination of this Lease without the written consent of Landlord will be deemed to have been abandoned by Tenant.

7.5 Alterations by Tenant.

(a) Approval Required. Tenant will not make, or cause or permit to be made, any structural additions, alterations, installations or improvements in or to the Premises (collectively, "Alterations"), without the prior written consent of Landlord. In the case of non-structural Alterations proposed by Tenant, Landlord's consent shall not be required. Unless Landlord has waived such requirement in writing, together with Tenant's request for approval of any Alteration, Tenant must also submit details with respect to the proposed source of funds for the payment of the cost of the Alteration by Tenant, design concept, plans and specifications, names of proposed contractors, and financial and other pertinent information about such contractors (including without limitation, the labor organization affiliation or lack of affiliation of any contractors), certificates of insurance to be maintained by Tenant's contractors, hours of construction, proposed construction methods, details with respect to the quality of the proposed work and evidence of security (such as payment and performance bonds) to assure timely completion of the work by the

contractor and payment by the contractor of all costs of the work. With respect to any Alteration which is visible from outside the Premises, such proposed Alteration must, in the opinion of Landlord, also be architecturally and aesthetically harmonious with the remainder of the Building.

(b) Complex Alterations. If the nature, volume or complexity of any proposed Alterations, causes Landlord to consult with an independent architect, engineer or other consultant, Tenant will reimburse Landlord for the reasonable fees and expenses incurred by Landlord. If any improvements will affect the basic heat, ventilation and air conditioning or other Building systems or the Building, Landlord may require that such work be designed by consultants designated by Landlord and be performed by Landlord or Landlord's contractors.

(c) Standard of Work. All work to be performed by or for Tenant pursuant hereto will be performed diligently and in a first-class, workmanlike manner, and in compliance with all applicable laws, ordinances, regulations and rules of any public authority having jurisdiction over the Project and/or Tenant, including, without limitation, the Disabilities Acts, Environmental Laws, and Landlord's insurance carriers. Landlord will have the right, but not the obligation, to inspect periodically the work on the Premises and may require changes in the method or quality of the work.

(d) Ownership of Alterations. All Alterations made by or for Tenant (other than Tenant's trade fixtures) will immediately become the property of Landlord, without compensation to Tenant. Carpeting will be deemed improvements of the Premises and not trade fixtures, regardless of how or where affixed. Such Alterations will not be removed by Tenant from the Premises either during or at the expiration or earlier termination of the Term and will be surrendered as a part of the Premises unless Landlord has requested that Tenant remove such Alterations.

7.6 Intentionally Deleted.

7.7 Liens. Tenant will keep the Premises and the Building free from any liens arising out of work performed, materials furnished, or obligations incurred by or on behalf of or for the benefit of Tenant. If Tenant does not, within ten (10) days following notice of the imposition of any such lien, cause

such lien to be released of record by payment or posting of a proper bond or other security, Landlord will have, in addition to all other remedies provided in this Lease and by law, the option, to cause the same to be released by such means as Landlord deems proper, including payment of the claim giving rise to such lien. All sums paid and expenses incurred by Landlord in connection therewith, including reasonable attorneys' fees and a reasonable amount for Landlord's administrative time, will be payable to Landlord by Tenant on demand with Interest from the date such sums are expended.

8. INSURANCE

8.1 Insurance Required of Tenant. Tenant will, at Tenant's sole expense, procure and maintain the coverages required by this Section 8.1.

(a) Commercial General Liability Insurance. Tenant will procure and maintain commercial general liability insurance ("Liability Insurance") written on an "occurrence" policy form, covering bodily injury, property damage and personal injury arising out of or relating, directly or indirectly, to Tenant's

business operations, conduct, assumed liabilities or use or occupancy of the Premises or any other part of the Project. Tenant will cause Landlord and any lender of Landlord as to which Tenant has been provided notice to be named as "additional insureds." The minimum acceptable limits for Tenant's Liability Insurance are set forth in Paragraph 9 of the Basic Lease Provisions.

(b) Workers' Compensation and Employer Liability Coverage. Tenant will procure and maintain workers' compensation insurance as required by law and employer's liability insurance with limits of no less than the amount set forth in Paragraph 9 of the Basic Lease Provisions.

(c) Property Insurance. Tenant will procure and maintain property insurance coverage ("Property Insurance") for the following: (i) all office furniture, trade fixtures, office equipment, merchandise and all other items of Tenant's personal property in, on, at or about the Premises or any other part of the Project; and (ii) all leasehold improvements to the Premises and other improvements, betterments, and Alterations to the Premises. Tenant's Property Insurance must be written on an "all-risk" (special-causes-of-loss) policy form or an equivalent form, include an agreed-amount endorsement for no less than one hundred percent (100%) of the full replacement cost (new without deduction for depreciation) of the covered items and property; be written in amounts of coverage that meet any coinsurance requirements of the policy or policies, and include vandalism and malicious mischief coverage, and sprinkler leakage coverage. Landlord must be named as an "insured as its interest may appear" under Tenant's Property Insurance.

(d) Business Income and Extra Expense Coverage. Tenant will also procure and maintain business income /business interruption insurance and extra expense coverage (collectively, "Interruption Insurance") with coverage amounts that will reimburse Tenant for all direct or indirect loss of income and charges and costs incurred arising out of all perils insured against by Tenant's Property Insurance coverage, including prevention of, or denial of use of or access to, all or part of the Premises or the Building, as a result of those perils. The Interruption Insurance coverage must provide coverage for no less than twelve (12) months of the loss of income, charges, and costs contemplated under the Lease.

8.2 Landlord's Insurance. Landlord will, during the Term of this Lease, procure and continue in force the following insurance: (a) liability insurance written on an "occurrence" policy form, covering bodily injury, property damage and personal injury arising out of or relating, directly or indirectly, to Landlord's business operations, conduct, assumed liability or use or occupancy of the Project, with a combined single limit of not less than Two Million Dollars ($2,000,000), it being agreed that Landlord will cause Tenant to be named as an "additional insured"; and (b) property insurance covering the Building and all personal property located in the Building and all machinery, equipment and other personal property used in connection with the Building (but not property owned by any tenant of the Building or for which any tenant of the Building is legally liable, or alterations, leasehold improvements, or betterments made, installed or purchased by or on behalf of any tenant of the Building), which property insurance must be written on an "all-risk" (special-causes-of-loss) policy from or an equivalent form, include an agreed-amount endorsement for no less than one hundred percent (100%) of the full replacement cost (new without deduction for depreciation) of the covered items and property; be written in amounts of coverage to meet any coinsurance requirements of the policy or policies, and include vandalism and malicious mischief coverage, and sprinkler leakage coverage. Landlord shall also procure and maintain workers' compensation insurance as required by law and employer's liability insurance with limits of not less than One Million Dollars ($1,000,000).

8.3 Form of Policies and Additional Requirements. The insurance

requirements set forth in Section 8.1 and Section 8.2 are independent of the
waiver, indemnification, and other obligations of Tenant and Landlord under this Lease and will not be construed or interpreted in any way to restrict, limit or modify Tenant's or Landlord's waiver, indemnification and other obligations or to in any way limit Tenant's or Landlord's liability under this Lease. In addition to the requirements set forth in Section 8.1 and Section 8.2, the
insurance required of Tenant and Landlord under this Article 8 must (a) be
issued by an insurance company with a rating of no less than A-VIII in the current Best's Insurance Guide, or that is otherwise reasonably

acceptable to Landlord as to Tenant's insurance or to Tenant as to Landlord's insurance, and admitted to engage in the business of insurance in the State of Texas; and (b) provide that insurance may not be canceled, nonrenewed or the subject of material change in coverage or available limits of coverage, except, in the case of Tenant's insurance, upon thirty (30) days' prior written notice (ten (10) days for non-payment of premium) to Landlord and any lender of Landlord as to which Tenant has been provided notice, and, in the case of Landlord's insurance, upon thirty (30) days' prior written notice (ten (10) days for non-payment of premium) to Tenant. Tenant and Landlord will each deliver to the other a certificate of insurance on all policies procured by Tenant or Landlord, as the case may be, in compliance with such party's obligations under this Lease, together with evidence of the payment of the premiums therefor, on or before the Lease Commencement Date, and at least thirty (30) days before the expiration date of any policy and upon the renewal of any policy. Landlord or Tenant may comply with its insurance coverage requirements through a blanket policy.

8.4 Waiver of Subrogation. Landlord and Tenant agree to cause the insurance companies issuing their respective property insurance policies to waive any subrogation rights that those companies may have against Tenant or Landlord. It is the intent of the parties that with respect to any loss from a peril required to be covered by property insurance, the parties will look solely to their insurance companies for recovery. Landlord and Tenant will each deliver notice of this Section 8.4 to its insurance carriers.

8.5 Increase of Premiums. If Tenant's specific business operations, conduct or use of the Premises or any other part of the Project causes an increase in the premium for any insurance policy carried by Landlord, Tenant will, within ten (10) days after receipt of notice from Landlord, reimburse Landlord for the entire increase.

9. DAMAGE OR DESTRUCTION

9.1 Repair by Landlord. Tenant will immediately notify Landlord of fire or other casualty in the Premises. If the Premises are damaged by fire or other casualty and unless this Lease is terminated as hereinafter provided, Landlord will proceed with reasonable diligence to repair the so-called "shell" of the Premises and any leasehold improvements originally installed by Landlord. Landlord's obligation to repair is subject to (a) delays which may arise by reason of adjustment of loss under insurance policies, including, without limitation, Tenant's policy for leasehold improvements and betterments described in Section 8.1 of this Lease, and (b) other delays beyond Landlord's reasonable control. Landlord's obligation to repair will be limited to the extent of insurance proceeds actually available to Landlord for repairs after the election by the holder of any mortgage against the Building to apply a portion or all of

the proceeds against the debt owing to such holder. Until Landlord's repairs to the Premises are completed, the Base Rent and additional rent will abate in proportion to the part of the Premises, if any, that is rendered untenantable.

9.2 Landlord's Rights Upon The Occurrence of Certain Casualties. In the event: (a) either the Premises or the Building (whether or not the Premises are affected) is totally or partially destroyed or damaged by fire or other casualty and repairs cannot be completed within two hundred seventy (270) days after the occurrence of such damage without the payment by Landlord of overtime or other premiums; (b) fifty percent (50%) or more of the Rentable Area of the Building (wherever located) is damaged or destroyed by fire or other casualty (whether or not the Premises are affected thereby); (c) damage is otherwise so great that Landlord, in Landlord's absolute discretion, decides to demolish the Building, in whole or in substantial part; (d) insurance proceeds remaining after payment of any proceeds required to be paid to the holder of any mortgage affecting the Project are insufficient to repair or restore the damage or destruction; (e) the Building or the Premises are damaged or destroyed as a result of any cause other than the perils covered by Landlord's property insurance; or (f) the Premises are materially damaged, in Landlord's judgment, by fire or other casualty during the last twenty-four (24) months of the Term; then Landlord may elect (i) to the extent of the insurance proceeds actually received by Landlord, to proceed to repair, restore or rebuild the Building or the Premises, in which event this Lease will continue in effect (subject to Tenant's right to terminate the Lease as set forth in Section 9.3), or (ii) to terminate this Lease (effective as of the event of destruction) upon thirty (30) days' prior notice to Tenant, which notice will be given, if at all, within sixty (60) days following the date of the occurrence of the destruction. In repairing or restoring the Building or any part thereof, Landlord may use designs, plans and specifications other than those used in the original construction of the Building, and the Landlord may alter or relocate, or both, any or all buildings, facilities and improvements, including the Premises, provided that the Premises as altered or relocated will be substantially the same size and will be in all material respects reasonably comparable to the Premises. Upon any such termination of this Lease, Tenant will surrender to Landlord the Premises and deliver to Landlord all proceeds from Tenant's insurance attributable to tenant improvements and other additions, improvements, and property items which Tenant has no right to remove. Tenant will pay Base Rent and all other sums payable under this Lease prorated through the effective date of such termination and Landlord and Tenant will be free and discharged from all obligations under this Lease arising after the effective date of such termination, except those obligations expressly stated in this Lease to survive the termination of this Lease.

9.3 Tenant's Rights Upon The Occurrence of Certain Casualties. In the event that the Premises or any portion thereof is destroyed or damaged by fire or other casualty and repairs cannot be completed within two hundred seventy (270) days after the occurrence of such damage without the payment by Landlord of overtime or other premiums, then Tenant may elect to terminate this Lease (effective as of the event of destruction) upon thirty (30) days' prior notice to Landlord, which notice will be given, if at all, within sixty (60) days following the date of the occurrence of the destruction. Furthermore, in the event that this Lease remains in effect after destruction or damage to the Premises and Landlord fails to complete the repair of such destruction or damage in accordance with Section 9.1 within two hundred seventy (270) days after the occurrence of such destruction or damage (subject to extension by reason of the delays described in the third sentence of said Section 9.1) (the "Landlord Repair Period"), then Tenant may, as its sole and exclusive remedy, terminate this Lease (effective as of the expiration of the Landlord Repair Period) by sending written notice to Landlord, which notice will be given, if at all, within thirty (30) days after the expiration of the Landlord Repair Period.

9.4 Repairs by Tenant. Landlord will not be required to repair any injury or damage by fire or other cause, to restore or replace or to reimburse Tenant for damage to any of the Tenant's property. Tenant will be required to repair any injury or damage to the Premises or to the contents of the Premises which Landlord is not responsible for repairing. Except for abatement, if any, of Base Rent and additional rent in accordance with the provisions of this Lease, Tenant will not be entitled to any allowance, compensation or damages from Landlord for loss of use of all or any part of the Premises or Tenant's property or for any inconvenience, annoyance, disturbance or loss or interruption of business, or otherwise, arising from any damage to the Premises or any other part of the Project by fire or any other cause, or arising from any repairs, reconstruction or restoration, nor will Tenant have the right to terminate this Lease except as specifically set forth in Section 9.3.

9.5 Determination or Period Required for Rebuilding. The determination of whether the repair of damage caused by fire or other casualty can be completed within the two hundred seventy (270) period referred to in Section 9.2 and Section 9.3 shall initially be made by Landlord, in Landlord's reasonable judgement, and notice of such determination shall be sent by Landlord to Tenant within twenty (20) days after the occurrence of such damage. Tenant shall be deemed to have accepted the determination made by Landlord unless Tenant sends written notice disputing such determination within ten (10) days after receiving notice of same. If Tenant timely objects to Landlord's determination, the parties shall, within ten (10) days thereafter, agree in good faith upon a mutually acceptable architect to make the determination of whether repair can be completed within the two hundred seventy (270) day period referred to in Section 9.2 and Section 9.3, which determination shall be made within ten (10) days after the selection of such architect and shall be binding upon the parties.

10. EMINENT DOMAIN

10.1 Total Taking. If all of the Project is taken or appropriated for public or quasi-public use by right of eminent domain or transferred by agreement with such public or quasi-public agency, this Lease will terminate as of the date possession is taken by the condemning authority. If less than all of the Premises or Project is taken or appropriated but, in Landlord's reasonable judgment, the balance will be rendered untenantable, such taking will constitute a total taking for purposes of this Section 10.1. Landlord will notify Tenant of Landlord's decision that the remainder is untenantable within thirty (30) days of Landlord's receipt of notice of the taking or appropriation and this Lease will terminate as of the date possession is taken by the condemning authority.

10.2 Partial Taking. If only part of the Project (whether or not such part includes the Premises) is taken or appropriated by a public or quasi-public agency under the right of eminent domain or conveyed in agreement with a public or quasi-public agency (whether or not the Premises are affected thereby) and, (i) in Landlord's reasonable judgment, substantial alteration or reconstruction of the Project is necessary as a result of such taking or conveyance, or (ii) if Landlord decides to demolish or discontinue operating the Project as a result of such taking or conveyance, or (iii) twenty-five percent (25%) or more of the Rentable Area of the Building is so taken or conveyed or, in the reasonable judgment of Landlord, the Building is rendered untenable as a result, or (iv) proceeds from such taking or conveyance remaining after payment of any such proceeds required to be paid to the holder of any mortgage affecting the Project are insufficient to restore the Project and the Premises to an architectural whole, then, in any of such events, Landlord may, at Landlord's option,

terminate this Lease by giving Tenant notice of termination within thirty (30) days after such taking or conveyance. In the event that the Premises or a portion thereof is taken or appropriated by a public or quasi-public agency under the right of eminent domain or conveyed in agreement with a public or quasi-public agency, then Tenant may, at Tenant's option, terminate this Lease by giving Landlord notice of termination within thirty (30) days after such taking or conveyance. In the event this Lease is not terminated, Landlord will, to the extent of proceeds actually received after the exercise by any mortgagee of the Project of an option to apply such proceeds against Landlord's debt to such mortgagee, restore the Project to an architectural whole.

10.3 Award. Any award for or proceeds from any partial or entire taking or conveyance to a public or quasi-public agency will be the property of Landlord, including, without limitation, any award or proceeds based on value of the leasehold interest of Tenant. Nothing contained in this Section 10.3 will be deemed to give Landlord any interest in or to preclude Tenant from seeking and recovering for Tenant's account a separate award from the condemning authority (but only to the extent such separate award does not reduce any award to Landlord) for the taking of personal property and fixtures removable by Tenant, for the interruption of or damage to Tenant's business or for Tenant's unamortized cost of leasehold improvements paid for by Tenant or for moving expenses. In the event of a partial taking which does not result in a termination of this Lease, Base Rent and additional rent will be abated in the proportion which the Rentable Area of the Premises rendered unusable bears to the total Rentable Area of the Premises. No temporary taking of Tenant's Premises and/or of Tenant's rights therein or under this Lease will terminate this Lease or give Tenant any right to any abatement of Base Rent or additional rent under this Lease. Any award made to Tenant by reason of any temporary taking will belong entirely to Tenant and Landlord will not be entitled to share in such award.

11. ASSIGNMENT AND SUBLETTING

11.1 Consent. Tenant will not assign this Lease without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed. Tenant may sublet any portion of the Premises without the prior written consent of Landlord. For purposes of the preceding sentence, in determining whether to consent to a proposed assignment or subletting, Landlord will be deemed to be reasonable in taking into consideration, among other factors, (a) the credit standing and financial wherewithal of the proposed assignee or sublessee; and (b) whether the use of the Premises by the proposed assignee will be consistent with the operation of a first-class office building in the Plano, Texas area. If consent to any assignment is given by Landlord, or if Tenant sublets any portion of the Premises, such consent or subletting will not relieve the Tenant or any guarantor of this Lease from any obligation or liability under this Lease. If this Lease is assigned without the consent of Landlord, then Landlord may nevertheless collect Base Rent and additional rent from the assignee, and apply the net amount collected to the Base Rent and other amounts payable under this Lease, but in no event will such collection be construed as a waiver of this covenant.

11.2 Landlord's Option. If the Tenant desires to assign this Lease or sublet all or part of the Premises, Tenant will notify Landlord at least sixty (60) days in advance of the date on which Tenant desires to make such assignment or enter into such sublease. With respect to an assignment, Tenant will provide Landlord with a copy of the proposed assignment and sufficient information concerning the proposed assignee to allow Landlord to make informed judgments as to the financial condition, reputation, operations and general desirability of the proposed assignee. Within fifteen (15) days after Landlord's receipt of Tenant's proposed assignment and all required information concerning the

proposed assignee, Landlord will have the option to: (a) consent to the proposed assignment; or (b) subject to the provisions of Section 11.1, refuse to consent to the proposed assignment but allow Tenant to continue in the search for an assignee that will be acceptable to Landlord. If Landlord consents to a proposed assignment, or if Tenant sublets any portion of the Premises, and if the rent due and payable by any assignee or sublessee under any such permitted assignment or sublease (or a combination of the rent payable under such assignment or sublease plus any bonus or any other consideration for the assignment or sublease or any payment incident to the assignment or sublease) during the initial Term exceeds the rent payable under the Lease for such space, Tenant will retain such excess rent proceeds or other excess consideration. During any Renewal Term, Tenant will pay to Landlord fifty percent (50%) of such excess rent and other excess consideration (net of brokerage commissions and all other out-of-pocket expenses incident to such assignment or subletting). If such excess rent or excess consideration is paid to Tenant in the form of rent pursuant to a sublease, Tenant shall pay Landlord's share thereof together with the installment of Base Rent next becoming due under this Lease; otherwise, Tenant shall pay Landlord's share of such excess rent or excess consideration to Landlord within five (5) days following Tenant's receipt thereof. If the Leasehold Improvements in the Premises must be altered in connection with a permitted assignment or subletting in order to comply with the Disabilities Act, same shall be performed without cost to Landlord, and Tenant shall submit plans and specifications for such alterations to Landlord for informational purposes; provided, however, that in no event shall any structural alterations be made without the prior written consent of Landlord.

11.3 Definition of Assignment. The use of the words "assignment", "subletting", "assign", or "assigned" or "sublet" in this Article 11 will include (a) the pledging, mortgaging or encumbering of Tenant's interest in this Lease, or the Premises or any part thereof; or (b) the total or partial occupancy of all or any part of the Premises by any person, firm, partnership, or corporation, or any groups of persons, firms, partnerships, or corporations, or any combination thereof, other than Tenant. Tenant shall deliver to Landlord copies of all documents executed in connection with any permitted assignment or sublease, which documents (i) in the case of a permitted assignment, shall require such assignee to assume performance of all terms of this Lease on Tenant's part to be performed, and (ii) in the case of a subletting, shall require such sublessee to comply with all terms of this Lease on Tenant's part to be performed. In no event shall any assignment, sublease or

transfer, whether or not with Landlord's consent, relieve Tenant of its primary liability under this Lease for the entire Term, and Tenant shall in no way be released from the full and complete performance of all the terms hereof. No acceptance by Landlord of any rent or any other sum of money from any assignee, sublessee or other category of transferee shall be deemed to constitute Landlord's consent to any assignment, sublease, or transfer.

12. DEFAULT; REMEDIES

12.1 Defaults by Tenant. The occurrence of any of the following will constitute a default under this Lease by Tenant: (a) any failure by Tenant to pay an installment of Base Rent or to make any other payment required under this Lease when due, where such failure continues for ten (10) days after notice by Landlord to Tenant, except that Landlord shall in no event be required to give more than two (2) notices of a recurring failure during each calendar year; (b) any failure by Tenant to observe and perform any other provision of this Lease to be observed and performed by Tenant, where such failure continues for thirty (30) days after notice by Landlord to Tenant (provided, however, that if the cure of such act or omission requires, despite the use of diligent efforts, a

period in excess of thirty (30) days, then such thirty (30) day period shall be extended for so long as Tenant pursues the cure thereof with reasonable diligence), except that Landlord shall in no event be required to give more than two (2) notices of a recurring failure during each calendar year; (c) Tenant's interest in this Lease or in all or a part of the Premises is taken by process of law directed against Tenant, or becomes subject to any attachment at the instance of any creditor of or claimant against Tenant, and such attachment is not discharged within ten (10) days; (d) Tenant: (i) is unable to pay such party's debts generally as they become due; (ii) makes an assignment of all or a substantial part of such party's property for the benefit of creditors; (iii) convenes or attends a meeting of such party's creditors, or any class thereof, for purposes of effecting a moratorium upon or extension or composition of such party's debts; (iv) applies for or consents to or acquiesces in the appointment of a receiver, trustee, liquidator, or custodian of such party or of all or a substantial part of such party's property or of the Premises or of Tenant's interest in this Lease; or (v) files a voluntary petition in bankruptcy or a petition or an answer seeking reorganization under the Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization or relief of debtors or an arrangement with creditors, or takes advantage of any insolvency law or files an answer admitting the material allegations of a petition filed against such party in any bankruptcy, relief, reorganization or insolvency proceedings; (e) Tenant takes any corporate action to authorize any of the actions set forth in Section 12.1(d); or (f) the entry of a court order,
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judgment or decree against Tenant, without the application, approval or consent of Tenant, approving a petition seeking reorganization of Tenant or relief of debtors under the Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization, or relief of debtors or granting an order for relief against it as debtor or appointing a receiver, trustee, liquidator, or custodian of such party or of all or a substantial part of Tenant's property or of the Premises or of Tenant's interest in this Lease, or adjudicating such party bankrupt or insolvent, and such order, judgment or decree will not be vacated, set aside or dismissed within ninety (90) days from the date of entry.

12.2 Remedies. Upon the occurrence of any event of default enumerated in
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Section 12.1, Landlord will have the option of (a) terminating this Lease by
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notice thereof to Tenant or (b) continuing this Lease in full force and effect and/or (c) performing the obligation of Tenant and/or (d) changing locks.

(a) Termination of Lease. In the event Landlord elects to terminate
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this Lease, upon notice to Tenant this Lease will end as to Tenant and all persons holding under Tenant, and all of Tenant's rights will be forfeited and lapsed, as fully as if this Lease had expired by lapse of time, and there will be recoverable from Tenant: (i) the cost of restoring the Premises to good condition, normal wear and tear excepted, (ii) all accrued, unpaid sums, plus Interest and late charges, if in arrears, under the terms of this Lease up to the date of termination, (iii) Landlord's reasonable costs of recovering possession of the Premises, and (iv) if Tenant remains in possession of the Premises subsequent to the date of termination, rent and other sums accruing subsequent to the date of termination pursuant to the holdover provisions of Section 2.3. The Landlord will at once have all the rights of re-entry upon the
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Premises, without becoming liable for damages, or guilty of a trespass.

(b) Continuation of Lease. In the event that Landlord elects to
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continue this Lease in full force and effect, Tenant will continue to be liable for all rents. Landlord will nevertheless have all the rights of re-entry upon the Premises without becoming liable for damages, or guilty of a trespass. Landlord, after re-entry, may relet all or a part of the Premises to a substitute tenant or tenants, for a period of time equal to or less or greater than the remainder of the Term on whatever terms and conditions Landlord, at Landlord's sole discretion, deems advisable. Against the rents and sums due from Tenant to Landlord during the remainder of the Term, credit will be given Tenant in the net amount of rent received from the new tenant after deduction by

Landlord for: (i) the reasonable costs incurred by Landlord in reletting the Premises (including, without limitation, remodeling costs, brokerage fees, and the like), (ii) the accrued sums, plus Interest and late charges if in arrears, under the terms of this Lease, (iii) Landlord's cost of recovering possession of the Premises, and (iv) if Landlord elects to store

Tenant's property in accordance with Section 7.4, the cost of storing any of
Tenant's property left on the Premises after re-entry. Notwithstanding any provision in this Section 12.2(b) to the contrary, upon the default of any substitute tenant or upon the expiration of the term of such substitute tenant before the expiration of the Term hereof, Landlord may, at Landlord's election, either relet to another substitute tenant, or terminate this Lease and exercise Landlord's rights under Section 12.2(a) of this Lease.

(c) Performance for Tenant. In the event that Landlord elects to perform the obligation(s) of Tenant, all reasonable sums expended by Landlord effecting such performance (including Administrative Reimbursement under Section 3.8), plus Interest thereon, will be due and payable with the next monthly installment of Base Rent. Such sum will constitute additional rental under this Lease, and failure to pay such sums when due will enable Landlord to exercise all of Landlord's remedies under this Lease.

(d) Changing Locks. Additionally, without notice, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access to the Premises, and Landlord will not be required to provide a new key or rights of access to Tenant.

12.3 Mitigation of Damages; Remedies Cumulative. Upon the occurrence of an event of default by Tenant, Landlord shall use reasonable efforts to mitigate its damages. All rights and remedies of Landlord under this Lease will be nonexclusive of and in addition to any other remedies available to Landlord at law or in equity.

12.4 Default by Landlord. The failure of Landlord to observe and perform any provision of this Lease to be observed and performed by Landlord, where such failure continues for thirty (30) days after notice by Tenant to Landlord (provided, however, that if the cure of such failure requires, despite the use of diligent efforts, a period in excess of thirty (30) days, then such thirty (30) day period shall be extended for so long as Landlord pursues the cure thereof with reasonable diligence) shall constitute a default under this Lease by Landlord. Upon the occurrence of a default by Landlord, Tenant may pursue any remedy provided under this Lease or by law, subject to any provisions of this Lease limiting Tenant's remedies (including, without limitation, the provisions of Section 15.1). Without limiting the remedies otherwise conferred upon Tenant, if Landlord fails to perform a repair which it is obligated to perform under this Lease and such failure continues for fifteen (15) days after notice by Tenant to Landlord (provided, however, that if the cure of such failure requires, despite the use of diligent efforts, a period in excess of fifteen (15) days, then such fifteen (15) day period shall be extended for so long as Landlord pursues the cure thereof with reasonable diligence), then Tenant shall have the right (but not the obligation) to perform such repair on Landlord's behalf and any reasonable amount which Tenant spends in performing such repair shall be repaid by Landlord within thirty (30) days after delivery to Landlord of a copy of the invoice for such repair together with proof of payment thereof.

12.5 Attorneys' Fees. If legal action is necessary in order to enforce or interpret this Lease, the prevailing party will be entitled to reasonable attorneys' fees, costs and disbursements in addition to any other relief to which such party is entitled.

12.6 Waiver. No covenant, term or condition or the breach thereof will be deemed waived, except by written consent of the party against whom the waiver is claimed and any waiver of the breach of any covenant, term or condition will not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same was due will not constitute a waiver by Landlord of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Landlord in writing.

12.7 Force Majeure. Whenever a period of time is herein prescribed for the taking of any action by either Landlord or Tenant (other than the payment obligations of Landlord or Tenant hereunder), the performing party shall not be liable or responsible for, and there shall be excluded from the computation of such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions, or any act, omission, delay, or neglect of the other party or any employees or agents of the other party, or any other cause whatsoever beyond the control of the performing party.

13. ESTOPPEL CERTIFICATES

13.1 Acknowledgment of Commencement Date. Upon tender of possession of the Premises to the Tenant and as often thereafter as may be reasonably requested by Landlord, Tenant will, within twenty (20) days after receipt of a request from Landlord, execute, acknowledge and deliver to Landlord a statement which will (a) set forth the actual Commencement Date and Expiration Date of the Term, and (b) contain acknowledgments that Tenant has accepted the Premises and that the Premises and Building are satisfactory in all respects, if such statements are accurate.

13.2 Certificates. Tenant or Landlord will, within twenty (20) days after receipt of a request from the other or any mortgagee of either party, execute, acknowledge and deliver to the requesting party or such mortgagee either a statement in writing or three party agreement among Landlord, Tenant and

such mortgagee (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which Base Rent and other charges are paid in advance, if any; (b) acknowledging that there are not, to the requesting party's knowledge, any uncured defaults on the part of the requesting party under this Lease, or specifying such defaults if any are claimed, and (c) specifying any further information and agreeing to such notice provisions and other matters reasonably requested by the requesting party or such mortgagee. Any such statement may be conclusively relied upon by a prospective purchaser, mortgagee, assignee or sublessee of the Premises. Failure to deliver such statement within twenty (20) days will constitute a default under this Lease.

13.3 Financial Statements. Unless Tenant is a corporation for which publicly available financial information is available (in which case the provisions of this Section 13.3 shall not be applicable), Landlord will have the

right to request financial statements from Tenant for purposes of selling, financing or refinancing the Building. Tenant will, within ten (10) days after receipt of a request from Landlord setting forth the purposes for which such financial statement will be used, deliver to Landlord a current financial statement certified by Tenant's chief financial officer to be true and correct and to fairly express Tenant's current financial condition. All such financial statements will be received by Landlord in confidence and used only for the purpose set forth in the request.

14. SUBORDINATION AND ATTORNMENT

14.1 Subordination. This Lease is subject and subordinate to, in addition to matters currently of record: (a) all applicable ordinances of any governmental authority having jurisdiction over the Project, relating to easements, franchises, and other interests or rights upon, across, or appurtenant to the Project; (b) restrictive covenants affecting the Project, as same may be amended; and (c) all utility easements and agreements, now or hereafter created for the benefit of the Project.

14.2 Successor Landlord. Upon demand, Tenant shall execute, acknowledge, and deliver to Landlord and any proposed mortgagee of the Building a Subordination, Non-Disturbance and Attornment Agreement in the form of Exhibit E attached hereto and made a part hereof.

15. LANDLORD'S INTEREST

15.1 Liability of Landlord. If Landlord defaults under this Lease and, if as a consequence of such default, Tenant recovers a money judgment against Landlord, such judgment will be satisfied only out of the right, title and interest of Landlord in the Project and Landlord will not be liable for any deficiency. In no event will Tenant have the right to levy execution against any property of Landlord or Landlord's partners other than Landlord's interest in the Project. In no event will Landlord be liable to Tenant for consequential or special damages.

15.2 Sale of Project. The term "Landlord" will mean only the owner at the time in question of the fee title or a tenant's interest in a ground lease of the Project, provided that the successor to Landlord assumes the obligations of Landlord under this Lease. The obligations contained in this Lease to be performed by Landlord will be binding on Landlord and Landlord's successors and assigns only as to their respective periods of ownership. In the event of a sale of the Project or assignment of this Lease by Landlord, the purchaser of the Project or the assignee of this Lease, as the case may be, shall be deemed to have assumed the obligations of Landlord hereunder during its period of ownership.

16. NOTICES

Wherever in this Lease it is required or permitted that a request, notice or demand be given or served or consent be obtained by either party to, on, or from the other, such request, notice, demand, or consent must be in writing and (a) personally delivered, or (b) mailed by certified or registered United States mail, postage prepaid, or (c) sent by Federal Express Corporation or other nationally recognized overnight carrier for next day delivery, to the addresses of the parties specified in the Basic Lease Provisions. Any notice which is mailed shall be deemed to have been given on the date of receipt thereof, and any notice sent by overnight courier will be deemed to have been given on the regular business day next following the date of deposit of such notice in a depository of the overnight courier. Either party may change such address by notice to the other. Base Rent and other charges will be paid to

Landlord at Landlord's address as set forth in the Basic Lease Provisions, or as changed pursuant to a notice delivered to Tenant in the manner specified above.

17. BROKERS

Each of Landlord and Tenant represents and warrants that it has had no dealings with any broker or agent in connection with the negotiation or execution of this Lease.

18. INDEMNITIES AND WAIVERS

18.1 INDEMNITIES BY TENANT. To the fullest extent permitted by law, and except to the extent caused by the willful or negligent acts of any Landlord Party, Tenant will, at Tenant's sole cost and expense, Indemnify Landlord Parties against all Claims arising from (a) any Personal Injury, Bodily Injury or Property Damage whatsoever occurring in or at the Premises, except for such Claims asserted by an employee of a Landlord

Party arising out of and in the course of employment of such employee; (b) all Claims arising from any Bodily Injury to an employee of a Tenant Party arising out of and in the course of employment of the employee and occurring anywhere in the Project; (c) any liens or encumbrances arising out of any work performed or materials furnished by or for Tenant; or (d) commissions or other compensation or charges claimed by any real estate broker or agent with respect to this Lease by, through, or under Tenant.

18.2 INDEMNITIES BY LANDLORD. To the fullest extent permitted by law (but subject to the limitations on Landlord's liability set forth in Section 15.1), and except to the extent caused by the willful or negligent acts of any Tenant Party, Landlord will, at Landlord's sole cost and expense, Indemnify Tenant Parties against all Claims arising from (a) any Personal Injury, Bodily Injury or Property Damage whatsoever occurring in the Common Areas, except for such Claims asserted by an employee of a Tenant Party arising out of and in the course of employment of such employee; (b) any Bodily Injury to an employee of a Landlord Party arising out of and in the course of employment of the employee and occurring anywhere in the Project; (c) any liens or encumbrances against any Tenant Party or its property arising out of any work performed or materials furnished by or for Landlord; or (d) commissions or other compensation or charges claimed by any real estate broker or agent with respect to this Lease by, through, or under Landlord.

18.3 WAIVERS BY TENANT. Tenant, on behalf of all Tenant Parties, waives all claims against Landlord Parties arising from the following: (a) any Personal Injury, Bodily Injury, or Property Damage to any Tenant Party resulting from interruption or stoppage of utility services (subject to Tenant's rights under Section 5.4) or caused by the other lessees of the Project, parties not occupying space in the Project, occupants of property adjacent to the Project, or the public or by the construction of any private, public, or quasi-public work occurring either in the Premises or elsewhere in the Project; or (b) any Bodily Injury to an employee of a Tenant Party arising out of and in the course of employment of the employee and occurring anywhere in the Project.

18.4 WAIVERS BY LANDLORD. Landlord, on behalf of all Landlord Parties, waives all claims against Tenant Parties arising from the following: (a) any Personal Injury, Bodily Injury, or Property Damage to any Landlord Party resulting from interruption or stoppage of utility services or caused by lessees of the Project other than Tenant, parties not occupying space in the Project,

occupants of property adjacent to the Project, or the public or by the construction of any private, public or quasi-public work occurring either in the Premises or elsewhere in the Project; or (b) Bodily Injury to an employee of a Landlord Party arising out of and in the course of employment of the employee and occurring anywhere in the Project.

18.5 DEFINITIONS. For purposes of the foregoing provisions of this Article 18: (a) the term "Tenant Parties" means Tenant, and Tenant's officers, members, partners, agents, employees, sublessees, licensees, invitees and independent contractors, and all persons and entities claiming through any of these persons or entities; (b) the term "Landlord Parties" means Landlord and the partners, venturers, trustees and ancillary trustees of Landlord and the respective officers, directors, shareholders, members, parents, subsidiaries and any other affiliated entities, personal representatives, executors, heirs, assigns, licensees, invitees, beneficiaries, agents, servants, employees and independent contractors of these persons or entities; (c) the term "Indemnify" means indemnify, defend (with counsel reasonably acceptable to the indemnified party) and hold free and harmless from and against; (d) the term "Claims" means all liabilities, claims, damages (including consequential damages), losses, penalties, litigation, demands, causes of action (whether in tort or contract, in law or at equity or otherwise), suits, proceedings, judgments, disbursements, charges, assessments, and expenses (including attorneys' and experts' fees and expenses and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding); (e) the term "Waives" means that the waiving party waives and knowingly and voluntarily assumes the risk of; and (f) the terms "Bodily Injury", "Personal Injury" and "Property Damage" will have the same meanings as in the form of commercial general insurance policy issued by Insurance Services Office, Inc. most recently prior to the date of the injury or loss in question.

18.6 SCOPE OF WAIVERS. THE WAIVERS CONTAINED IN SECTION 18.3 AND SECTION 18.4 WILL APPLY REGARDLESS OF THE ACTIVE OR PASSIVE NEGLIGENCE OR SOLE, JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF ANY OF THE LANDLORD PARTIES OR TENANT PARTIES, AS THE CASE MAY BE.

18.7 OBLIGATIONS INDEPENDENT OF INSURANCE. The indemnification provided in Section 18.1 may not be construed or interpreted as in any way restricting, limiting or modifying Tenant's insurance or other obligations under this Lease, and the provisions of Section 18.1 are independent of Tenant's insurance and other obligations. Tenant's compliance with the insurance requirements and other obligations under this Lease does not in any way restrict, limit or modify Tenant's indemnification obligations under this Lease. Conversely, The indemnification provided in Section 18.2 may not be construed or interpreted as in any way restricting, limiting or modifying Landlord's insurance or other obligations under this Lease, and the provisions of Section 18.2 are independent of Landlord's insurance and other obligations. Landlord's compliance with the insurance requirements and other obligations under this Lease does not in any way restrict, limit or modify Landlord's indemnification obligations under this Lease.

18.8 SURVIVAL. The provisions of this Article 18 will survive the expiration or earlier termination of this Lease until all claims against Landlord Parties involving any of the indemnified or waived matters are fully and finally barred by the applicable statutes of limitations.

18.9 DUTY TO DEFEND. The duty of an indemnifying party to defend is

separate and independent of such party's duty to Indemnify. The duty of an indemnifying party to defend includes Claims for which the indemnified party may be liable without fault or may be strictly liable. The duty of an indemnifying party to defend applies regardless of whether the issues of negligence, liability, fault, default or other obligation on the part of the indemnifying party have been determined. The duty of an indemnifying party to defend applies immediately, regardless of whether the indemnified party has paid any sums or incurred any detriment arising out of or relating, directly or indirectly, to any Claims. It is the express intention of Landlord and Tenant that the indemnified party will be entitled to obtain summary adjudication regarding the indemnifying party's duty to defend the indemnified party at any stage of any Claim within the scope of this Article 18.

19. PARKING

19.1 Parking Spaces. Landlord hereby grants to Tenant and persons designated by Tenant ("Tenant's Designated Parkers") a license to use the number of reserved parking spaces set forth in Paragraph 12 of the Basic Lease Provisions free of charge in that certain parking structure constructed on the Land ("Garage"). Landlord and Tenant have agreed upon the location of the reserved parking spaces to be allocated to Tenant's Designated Parkers as of the Commencement Date. The term of such license will commence on the Commencement Date and will continue until the earliest to occur of the Expiration Date, termination of the Lease, or Tenant's abandonment of the Premises. The remaining parking spaces which Tenant shall have a license to use free of charge pursuant to Paragraph 12 of the Basic Lease Provisions shall be those parking spaces not reserved for the Tenant or the other tenants of the building (as determined by Landlord from time to time) in the Garage and in the surface parking lot located on the north side of the Building, it being understood and agreed that Tenant's use of such parking spaces shall be on a non-exclusive basis. Landlord agrees that it shall not grant more than ten percent (10%) of the total parking spaces in the aggregate as reserved parking spaces.

19.2 Control of Parking. Landlord reserves the right from time to time to adopt, modify and enforce reasonable rules governing the use of the Garage, including any key-card, sticker or other identification or entrance system, and hours of operation. Landlord may refuse to permit any person who violates such rules to park in the Garage. Except for paid reserved spaces specified in Paragraph 12 of the Basic Lease Provisions, the parking spaces hereunder will be provided on an unreserved "first-come, first-served" basis. Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, handicapped persons and for other lessees, guests of other lessees, or other parties, and Tenant and Tenant's Designated Parkers will not park in any such assigned or reserved spaces. Landlord also reserves the right to close all or any portion of the Garage in order to make repairs or perform maintenance services, or to alter, modify, restripe or renovate the Garage, or if required by casualty, strike, condemnation, act of God, governmental law or requirement or other reason beyond Landlord's reasonable control.

19.3 Landlord's Liability. If, for any reason beyond Landlord's reasonable control, Tenant, or Tenant's Designated Parkers, are denied access to the Garage and Tenant or such persons have complied with this Section 19, Landlord's liability will be limited to parking charges (excluding tickets for parking violations) incurred by Tenant or such persons in utilizing alternative parking, which amount Landlord will pay upon presentation of documentation supporting Tenant's claims in connection therewith.

19.4 Remedies for Parking Violations. If Tenant or any of its designated

parkers violate the rules applicable to the parking areas, Landlord will have the right to remove from the Garage any vehicles which are involved or are owned or driven by parties involved in the violation.

20. HAZARDOUS SUBSTANCES; REPRESENTATIONS

20.1 Tenant' Operations. The term "Hazardous Substances", as used in this Lease will mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the removal of which is required or the use of which is regulated, restricted, prohibited or penalized by any Environmental Law. Tenant hereby agrees that (i) no activity will be conducted on the Premises that will produce any Hazardous Substances, except for such activities that are part of the ordinary course of Tenant's business activities ("Permitted Activities") provided the Permitted Activities are conducted in accordance with all Environmental Laws; (ii) the Premises will not be used in any manner for the storage of any Hazardous Substances except for any temporary storage of such materials that are used in the ordinary course of Tenant's business ("Permitted Materials"), provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws; (iii) Tenant will not permit any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials, and if so brought or found thereon, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. If any Hazardous Substance is discovered outside the Premises and such

Hazardous Substance was brought into the Building or parking areas by Tenant or Tenant's employees or contractors, Tenant, at Tenant's sole cost and expense, will immediately take such action as is necessary to detain the spread of and remove the Hazardous Substance to the satisfaction of Landlord.

20.2 Intentionally Deleted.

21. INTERPRETATIVE

21.1 Captions. The captions of the Articles and Sections of this Lease are for convenience only and will not affect the interpretation or construction of any provision of this Lease.

21.2 Section Numbers. All references to section numbers contained in the Basic Lease Provisions, the General Lease Provisions or Exhibit C, if any, are to sections in the General Lease Provisions, unless expressly provided to the contrary.

21.3 Attachments. Exhibits, addenda, schedules and riders attached hereto and listed in the Basic Lease Provisions (and no other exhibits, addendums, schedules and riders) are deemed by attachment to constitute part of this Lease and are incorporated into this Lease.

21.4 Number, Gender, Defined Terms. The words "Landlord" and "Tenant", as used in this Lease, will include the plural as well as the singular. Words used in the neuter gender include the masculine and feminine and words in the masculine or feminine gender include the other and the neuter. If more than one person or entity constitutes Tenant, the obligations under this Lease imposed upon Tenant will be joint and several.

21.5 Entire Agreement. This Lease, including any exhibits and attachments

hereto listed in the Basic Lease Provisions, constitutes the entire agreement between Landlord and Tenant relative to the Premises. Landlord and Tenant agree hereby that all prior or contemporaneous oral and written agreements between and among themselves or their agents, including any leasing agent, and representatives relative to the leasing of the Premises are merged in or revoked by this Lease.

21.6 Amendment. This Lease and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant .

21.7 Severability. If any term or provision of this Lease is, to any extent, determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease will not be affected thereby, and each remaining term and provision of this Lease will be valid and be enforceable to the fullest extent permitted by law.

21.8 Time of Essence. Time is of the essence of this Lease and each and every provision of this Lease.

21.9 Best Efforts. Whenever in this Lease or the Work Letter, if any, there is imposed upon either party the obligation to use the best efforts of a party or reasonable efforts or diligence, such party will be required to exert such efforts or diligence only to the extent the same are economically feasible and will not impose upon such party extraordinary financial or other burdens.

21.10 Binding Effect. Subject to any provisions of this Lease restricting assignment or subletting by Tenant and releasing Landlord upon sale of the Building, all of the provisions of this Lease will bind and inure to the benefit of the parties to this Lease and their respective heirs, legal representatives, successors and assigns.

21.11 Subtenancies. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, will not work a merger of estates and will, at the option of Landlord, operate as an assignment to Landlord of any or all subleases or subtenancies.

21.12 No Reservation. Submission by Landlord of this instrument to Tenant for examination or signature does not constitute a reservation of or option for lease. This Lease will be effective as a lease or otherwise only upon execution and delivery by both Landlord and Tenant.

21.13 Consents. If Tenant requests Landlord's consent under any provision of this Lease and Landlord fails or refuses to give such consent, Tenant's sole remedy will be an action for specific performance or injunction.

21.14 Choice of Law. This Lease will be construed under, governed by and enforced in accordance with the laws of the State of Texas.

21.15 Non-Merger. There shall be no merger of this Lease with any ground leasehold interest or the fee estate in the Project or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Lease or any interest in this Lease as well as any ground leasehold interest or fee estate in the Project or any interest in such fee estate.

21.16 Representations of Landlord. Except as expressly set forth in this

Lease, neither Landlord nor Landlord's agents or brokers have made any representations or promises with respect to the Premises, the Building, or any other part of the Project. Unless otherwise expressly provided in this Lease, to the extent permitted by applicable law, Landlord and Tenant expressly disclaim any implied warranty that the Premises are suitable for Tenant's intended commercial purpose.

21.17 Jointly Prepared Document. Should any provision of this Lease require judicial interpretation, Landlord and Tenant hereby agree and stipulate that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of any rule or conclusion that a document should be construed more strictly against the party who itself or through its agents prepared the same, it being agreed that all parties hereto have participated in the preparation of this Lease and that each party had full opportunity to consult legal counsel of its choice before the execution of this Lease.

21.18 Waiver of Trial by Jury. Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either party hereto in respect of any matter arising out of or in any way connected with this Lease or Tenant's use or occupancy of the Premises. Under no circumstances whatsoever shall Landlord or Tenant be liable to the other for consequential damages or special damages.

21.19 Independent Covenants. The obligations of Tenant to pay rent hereunder is not dependent upon the condition of the Premises or the performance by Landlord of its obligations hereunder, and, except as otherwise expressly provided herein, Tenant shall continue to pay rent, without abatement, setoff, or deduction notwithstanding any claim that Landlord has breached its obligations hereunder. Tenant waives and relinquishes all rights which Tenant may have (including specifically, without limitation, all rights under Section 91.004 of the Texas Property Code) to claim any lien against any property of Landlord or to withhold, deduct or offset rent hereunder.

21.20 Execution on Behalf of Tenant. The parties have agreed that Cinemark USA, Inc., a Texas corporation, is the Tenant hereunder, and the person executing this Lease on behalf of Tenant, by execution hereof, represents to Landlord that he or she has the authority to bind such Tenant to the terms of this Lease.

21.21 Execution on Behalf of Landlord. The parties have agreed that CNMRK HQ Investors, L.P., a Texas limited partnership, is the Landlord hereunder, and the person executing this Lease on behalf of Landlord, by execution hereof, represents to Tenant that he or she has the authority to bind such Landlord to the terms of this Lease.

21.22 Quiet Enjoyment. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, so long as Tenant is paying the rent due under this Lease as same becomes due and is performing its other covenants and agreements set forth herein, shall peaceably and quietly have, hold and enjoy the Premises for the Term, subject to the terms and provisions of this Lease.

21.23 Intentionally Deleted.

21.24 Conflict with Rules and Regulations. In the event of any conflict

between the terms of this Lease (including the exhibits hereto other than the exhibit containing the Rules and Regulations) and the Rules and Regulations, the terms of this Lease shall govern.

21.25 Beverage Exclusivity. Tenant hereby acknowledges that it has read and understands Section 21.26 of the Lease of the Coca-Cola Company for premises in the Building. Tenant further covenants and agrees not to take any action which would be a violation of such provision.

RIDER 1

TO OFFICE LEASE AGREEMENT
BETWEEN
CNMRK HQ INVESTORS, L.P.
AND
CINEMARK USA, INC.

SIGNAGE

Tenant shall maintain Tenant's signage on the front exterior of the building and shall be responsible for any repairs or replacements of such sign. Additionally, Landlord agrees that it shall not place, nor shall it permit, any additional signage to be placed anywhere on the Project.

Tenant has, by separate agreement, agreed to permit The Coca-Cola Company the right to construct a monument sign along the North Dallas Tollway service road, the designated location of which must be approved by Tenant in its sole and absolute discretion (the "Monument Sign"). After the expiration of The Coca-Cola lease, Tenant agrees to permit a tenant which leases more than 25,000 square feet to place its name on the Monument Sign, subject to such tenant entering into an appropriate agreement relating to placement, maintenance and design of such signage in form and substance acceptable to Tenant.

RIDER 2

TO OFFICE LEASE AGREEMENT
BETWEEN
CNMRK HQ INVESTORS, L.P.
AND
CINEMARK USA, INC.

RENEWAL OPTION

Provided no material default by Tenant exists after applicable cure periods and Tenant is occupying the majority of Premises at the time of such election, Tenant may renew this Lease for two (2) additional periods (the "Renewal Term") on the same terms provided in this Lease (except as set forth below), by delivering written notice of the exercise thereof ("Renewal Notice") to Landlord not later than one hundred eighty (180) days before the expiration of the Term. The first Renewal Term shall be for five (5) years. During the first Renewal Term, Tenant shall pay Annual Base Rent as follows:

Years	Rent Per Square Foot	Annual Rent	Monthly Installment
11-15	$23.80	$1,567,349.00	$130,612.42

The second Renewal Term shall be for ten (10) years. During the Second Renewal Term, Tenant shall pay Annual Base Rent in twelve (12) equal monthly installments during the applicable Renewal Term in an amount equal to ninety-five percent (95%) of the Market Rate (as defined below).

The Market Rate shall be based on the then existing rates for comparable space of equivalent quality in Plano, Texas, taking into account location, quality and age of the office building, size of Premises, location within the Building, abatements, if any, parking charges or inclusion of same in rental, lease takeovers/assumptions, finishout, refurbishment and repainting allowances, extent of services provided or to be provided, distinction between "gross" and "net" lease, credit standing and financial stature of the lessee, term or length of lease, and any other relevant term or condition in making such fair market value rental rate determination. The determination of Market Rate shall include a determination of the rental rate given all other conditions of this Lease based upon a consideration of all material financial provisions of comparable leases with appropriate adjustment for the time, size, location, utility, and length of term of such leases. If Landlord and Tenant are unable to agree upon the Market Rate within fifteen (15) business days after receipt of the Renewal Notice, Landlord and Tenant shall each promptly appoint a real estate appraiser who has a minimum of ten (10) years experience in the Plano, Texas real estate market and who is a member of the American Institute of Real Estate Appraisers (or its equivalent) to assist in the determination of the Market Rate. If the two appraisers cannot agree on such Market Rate within fifteen (15) days of the commencement of their deliberation, they shall appoint a third appraiser who has a minimum of ten (10) years experience in the Plano, Texas real estate market and who is a member of the American Institute of Real Estate Appraisers (or its equivalent). The determination of the Market Rate by the agreement of any two of such three appraisers (or the average of the two closest rates if two appraisers cannot agree) shall be the Market Rate. Landlord and Tenant will use all reasonable diligence to cause their appointed appraisers to perform in good faith and in a timely manner in order to make the determination of the Market Rate on or before thirty (30) days after the date of their appointment. Landlord and Tenant shall each bear the costs and fees of their respective appraisers and shall share equally the cost of the third appraiser, if necessary.

Tenant's rights under this Rider shall terminate if (i) this Lease or Tenant's right to possession of the Premises is terminated or (ii) Tenant fails to timely exercise its option under this Rider, time being of the essence with respect to Tenant's exercise thereof.

EXHIBIT C

OPERATING COST COMPUTATION

1. Operating Cost Exclusions. The following are, without limitation, examples of costs that, notwithstanding anything to the contrary set forth in this Lease (including Section 2 of this Exhibit C), shall be excluded from the computation of Operating Costs:

(a) leasing commissions, attorneys' fees, costs and disbursement and other expenses incurred in connection with leasing, renovating or improving space for tenants or prospective tenants of the Project;

(b) Intentionally Deleted.

(c) costs (including permit, license and inspection fees) incurred

in renovating or otherwise improving or decorating, painting or redecorating space for tenants or vacant space;

(d) Landlord's costs of any services sold to tenants for which Landlord is entitled to be reimbursed by such tenants as an additional charge or rental over and above the Base Rent and Operating Costs payable under the lease with such tenant or other occupant;

(e) any depreciation and amortization on the Project except as expressly permitted herein;

(f) costs incurred due to violation by Landlord of any of the terms and conditions of this Lease or any other lease relating to the Project;

(g) interest on debt or amortization payments on any mortgages or deeds of trust or any other debt for borrowed money;

(h) all items and services for which Tenant reimburses Landlord outside of Operating Costs or pays third persons or which Landlord provides selectively to one or more tenants or occupants of the Project (other than Tenant) without reimbursement;

(i) advertising and promotional expenditures;

(j) repairs or other work occasioned by fire, windstorm or other casualty, or by condemnation, or other work paid for through insurance or condemnation proceeds;

(k) repairs resulting from any defect in the original design or construction of the Project;

(l) amortization of the costs of improvements to the Project which are capital in nature, except to the extent set forth in Section 2(p) of this
                                                                ----
Exhibit C;

(m) federal, state and local income taxes, inheritance taxes, estate taxes, gift taxes and franchise taxes paid by Landlord;

(n) rents paid under any ground lease in respect of the Land or the Building;

(o) any interest, fines, penalties and related expenses (including attorneys' fees) incurred by Landlord as a result of (i) Landlord's violation of any governmental rule, statute or authority (including specifically, without limitation, the failure of Landlord to pay timely real estate taxes or assessments in respect of the Project), (ii) default by Landlord under any mortgage encumbering the Project, or (iii) default by Landlord under this Lease;

(p) losses of rent, bad debts or any damages or settlements paid to any other tenant, prospective tenant or occupant of the Building; or

(q) costs representing an amount paid to an affiliate of Landlord which is in excess of the amount which would have been paid in the absence of such relationship;

(r) costs incurred to test, survey, clean up, contain, abate, remove or otherwise

remedy any Hazardous Substances from the Project placed thereon by Landlord.

2. Operating Cost Examples. The following are, without limitation,
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examples of costs included within the computation of Operating Costs:

(a) garbage and waste disposal;

(b) janitorial service and window cleaning for the Project (including materials, supplies, light bulbs and ballasts standard to the Building, equipment and tools therefor and rental and depreciation costs related to any of the foregoing) or contracts with third parties to provide same;

(c) security;

(d) insurance premiums (including, without limitation, property, rental value, liability and any other types of insurance carried by Landlord with respect to the Project, the costs of which may include an allocation of a portion of the premium of a blanket insurance policy maintained by Landlord);

(e) business or excise taxes payable on account of Landlord's ownership or operation of the Project (including, without limitation, any state tax imposed upon Landlord as a substitute in whole or in part for, or in addition to, real property taxes assessed against the Premises as of the date of this Lease);

(f) real estate taxes, assessments, excises, and any other governmental levies and charges of every kind and nature whatsoever, general and special, extraordinary and ordinary, foreseen and unforeseen, which may during the Term be levied or assessed against, or arising in connection with the use, occupancy, operation or possession of, the Project, or any part thereof, or substituted, in whole or in part, for a real estate tax, assessment, excise or governmental charge or levy previously in existence, by any authority having the direct or indirect power to tax, including interest on installment payments and all costs and fees (including attorneys' fees) incurred by Landlord in contesting or negotiating with taxing authorities as to same; provided, however, that Landlord will pay all such taxes and assessments over the longest period of time permitted by the applicable taxing authority;

(g) water and sewer charges and any add-ons;

(h) operation, maintenance, and repair (to include replacement of components) of the Project, including but not limited to all floor, wall and window coverings and personal property in the Common Areas, Building systems such as heat, ventilation and air conditioning system, elevators, escalators, and all other mechanical or electrical systems serving the Building and the Common Areas and Service Areas and service agreements for all such systems and equipment;

(i) charges for any easement maintained for the benefit of the Project;

(j) license, permit and inspection fees;

(k) compliance with any fire safety or other governmental rules, regulations, laws, statutes, ordinances or requirements imposed by any governmental authority or insurance company with respect to the Project during the Term hereof;

(l) wages, salaries, employee benefits and taxes (or an allocation of the foregoing) for personnel working full or part time in connection with the operation, maintenance and management of the Project;

(m) accounting and legal services (but excluding legal services in connection with negotiations and disputes with specific tenants unless the matter involved affects all tenants of the Project);

(n) administrative and management fees for the Project and Landlord's overhead expenses directly attributable to Project management;

(o) indoor or outdoor landscaping;

(p) depreciation (or amortization) of Required Capital Improvements and Cost Savings Improvements. "Required Capital Improvements" will mean capital improvements or replacements made in or to the Building in order to conform to any future law, ordinance, rule, regulation or order of any governmental authority not existing as of the date of this Lease having jurisdiction over the Project, including, without limitations, The Disabilities Acts. "Cost Savings Improvements" will mean any capital improvements or replacements which are intended to reduce, stabilize or limit increases in Operating Costs. The cost of Required Capital Improvements, Cost Savings Improvements and depreciable (or amortizable) maintenance and repair items (e.g., painting of Common Areas, replacement of carpet in elevator lobbies), will be amortized over the useful life of the applicable item in accordance with generally accepted accounting principles.

(q) expenses and fees (including attorneys' fees) incurred contesting of the validity or applicability of any governmental enactments which may affect Operating Costs.

3. Landlord will credit against Operating Costs any refunds received as a result of tax contests, after deduction for Landlord's costs in connection with same.

4. The foregoing provisions of this Exhibit C will not be deemed to require Landlord to furnish or cause to be furnished any service or facility not otherwise required to be furnished by Landlord pursuant to the provisions of this Lease, although Landlord, in Landlord's absolute discretion, may choose to do so from time to time.

EXHIBIT 10.40

LEASE AGREEMENT

WITH THE COCA-COLA COMPANY

FOR THE CINEMARK BUILDING

3900 Dallas Parkway
Plano, Texas

OFFICE BUILDING LEASE

BETWEEN

CINEMARK USA, INC.,

a Texas corporation

AS LANDLORD

AND

THE COCA-COLA COMPANY,

a Delaware corporation

AS TENANT

PART ONE

PART TWO

OFFICE BUILDING LEASE

In consideration of the mutual covenants and upon the terms and conditions set forth in Part One "Basic Lease Provisions", Part Two "General Lease Provisions", and other attachments and exhibits numerated in the Table of Contents to this Office Building Lease ("Lease"), Cinemark USA, Inc., a Texas corporation ("Landlord"), hereby leases to the Tenant named below and Tenant hereby leases from Landlord, certain premises described below.

PART ONE

BASIC LEASE PROVISIONS

1. Tenant: The Coca-Cola Company, a corporation organized under the laws of the State of Delaware, acting by and through its Coca-Cola USA division.

2. Premises: The premises outlined and crosshatched on Exhibit B hereof and containing approximately 52,084 square feet of Rentable Area on the first, second and portions of the third floors of the Building. (Part Two, Article 1)

3. Term: Beginning on December 1, 1999 (the "Commencement Date") and ending on November 30, 2006 (the "Expiration Date"). (Part Two, Article 2)

4. Base Rent (Part Two, Section 3.1): Base Rent shall be as follows:

Year	Rent P.S.F.	Annual Rent	Monthly Installment
1	$24.00	$1,250,016	$104,168.00
2	$25.00	$1,302,100	$108,508.33
3	$26.00	$1,354,184	$112,848.66
4	$27.00	$1,406,268	$117,189.00
5	$28.00	$1,458,352	$121,529.33
6	$29.00	$1,510,436	$125,869.66
7	$30.00	$1,562,520	$130,210.00

5. Expense Stop: $4.00 per square foot of Rentable Area of the Premises [Part Two, Section 3.2(c)(ii)]

6. Security Deposit: None (Part Two, Section 3.5)

7. Prepaid Rent: $104,168.00, applicable to the Base Rent for the first month of the Term. (Part Two, Section 3.4)

8. Premises Use: Office space. (Part Two, Article 6)

9. Tenant's Insurance (Part Two, Article 8):

Commercial General Liability:	$2,000,000
Workers' Compensation:	Statutory Limit
Employers' Liability:	$1,000,000
All Risk Property:	Full Replacement Value
Business Interruption/Excess Expense:	12 months' coverage

10. Addresses For Notices and Payment of Rent and Other Charges (Part Two, Article 16):

TO TENANT:	TO LANDLORD:
The Coca-Cola Company	Cinemark USA, Inc.
Attention: Manager, Leasing Services	Attention:
P.O. Drawer 1734	3900 Dallas Parkway, Suite 500
Atlanta, Georgia 30301	Plano, Texas 75093

11. Brokers (Part Two, Article 17): None

12. Parking Spaces (Part Two, Article 19): Number of parking spaces:
One space per 400 square feet of Rentable Area of the Premises. As part of the parking spaces provided to Tenant pursuant to the preceding sentence, Tenant may license up to twelve (12) reserved parking spaces, the monthly charge for which shall be $75.00 per reserved parking space. There shall be no charge for the other parking spaces made available to Tenant under the terms of this Lease.

13. Exhibits and Riders: The following numbered Riders are attached to this Lease and made of a part of this Lease for all purposes:

Exhibit A: Legal Description of Project
Exhibit B: Floor Plans
Exhibit C: Operating Costs
Exhibit D: Rules and Regulations
Exhibit E: Subordination, Non-Disturbance and Attornment Agreement

Rider 1: Work Letter
Rider 2: Signage
Rider 3: Renewal Option

14. Incorporation of Other Provisions: All of the provisions, covenants and conditions set forth in Part Two and all other exhibits and riders described in the attached Table of Contents and the preceding paragraph, are by this reference incorporated into the Basic Lease Provisions as fully as if the same were set forth at length in the Basic Lease Provisions. Each reference in Part Two and exhibits and riders to any provision in the Basic Lease Provisions will be construed to incorporate all of the terms provided under the referenced provision in the Basic Lease Provisions. In the event of any conflict between a provision in the Basic Lease Provisions, on the one hand, and a provision in Part Two or exhibits or riders, on the other hand, the latter will control.

This Lease has been executed by Landlord and Tenant as of the 27/th/ day of April, 1999.

TENANT:	LANDLORD:
THE COCA-COLA COMPANY, acting by and through its Coca-Cola USA division	CINEMARK USA, INC.
By: Lawrence R. Cowart	By: Walter Herbert
Name: Lawrence R. Cowart	Name: Walter Herbert
Title: Vice President	Title: Vice President

Attest: Susan E. Shaw

Name: Susan E. Shaw

Title: Secreatary

PART TWO

GENERAL LEASE PROVISIONS

1. PREMISES, COMMON AREAS, SERVICE AREAS

1.1 Building. The term "Building" in this Lease will refer to the office building situated on a tract of land ("Land") in the City of Plano and County of Collin, Texas, described in Exhibit A of this Lease, and having a postal address of 3900 Dallas Parkway, Suite 500, Plano, Texas 75093. The Land, Building, Garage and any other improvements situated on the Land are sometimes referred to collectively as the "Project".

1.2 Computation of Rentable Area. The "Rentable Area" of the Premises shall be calculated in accordance with the American National Standard Method for Measuring Floor Area in Office Buildings of the Building Owners and Managers Association International ("BOMA") (ANSI Z65.1 - 1980, reaffirmed in 1989).

1.3 Variations in Rentable Area. The Rentable Area of the Premises contained in the Basic Lease Provisions has been calculated in accordance with the foregoing standard and is agreed to be the Rentable Area of the Premises regardless of minor variations resulting from construction of the Building and/or tenant improvements. Notwithstanding the preceding sentence, after completion of the tenant improvements and within thirty (30) days after the Commencement Date, Landlord or Tenant may, at its sole expense, cause the Rentable Area of the Premises to be measured by an architect mutually acceptable to Landlord and Tenant, and if such measurement determines that the Rentable Area of the Premises differs from the Rentable Area set forth in the Basic Lease Provisions, then the Rentable Area of the Premises (and the amount of Base Rent) shall be adjusted in accordance with such measurement.

1.4 Ceilings, Walls, Floors. Tenant acknowledges that pipes, ducts, conduits, wires and equipment serving other parts of the Building may be located above acoustical ceiling surfaces, below floor surfaces or within walls in the Premises.

1.5 Condition of Premises. The taking of possession of the Premises by Tenant will establish conclusively that the Premises and the Project were at such time in satisfactory order and condition except for (i) minor matters of structural, mechanical and electrical adjustment in the Premises (commonly referred to as "punchlist items") specified in reasonable detail on a list delivered by Tenant to Landlord within thirty (30) days after the date on which Tenant takes possession of the Premises and (ii) defects not discoverable upon inspection and about which Tenant notifies Landlord within one (1) year after taking possession of the Premises.

1.6 Common and Service Areas. Tenant is hereby granted a nonexclusive right to use the Common Areas during the term of this Lease for their intended purposes, in common with others, subject to the terms and conditions of this

Lease, including, without limitation, the provisions of Section 19 pertaining to use of the parking areas and the Rules and Regulations.

(a) Common Areas. "Common Areas" will mean all areas, spaces, facilities, and equipment in the Project made available by Landlord for the common and joint use of Landlord, Tenant and others, including, but not limited to, sidewalks, parking areas, driveways, landscaped areas, loading areas, public corridors, public restrooms, Building lobbies, stairs and elevators, drinking fountains and such other areas and facilities, if any, as are designated by Landlord from time to time as Common Areas.

(b) Service Areas. "Service Areas" will refer to areas, spaces, facilities and equipment serving the Project but to which Tenant and other occupants of the Building will not have access, including, but not limited to, mechanical, telephone, electrical and similar rooms, and air and water refrigeration equipment.

2. TERM

2.1 Term. The Term of this Lease will commence on the Commencement Date set forth in the Basic Lease Provisions and will terminate on the Expiration Date set forth in the Basic Lease Provisions, unless sooner terminated in accordance with the provisions of this Lease.

2.2 Delay in Commencement. Tenant acknowledges that Tenant is responsible for completing all Leasehold Improvements (as defined in Rider 1) in the Premises, other than the Landlord Improvements (as defined in Rider 1). Accordingly, the obligation of Tenant to commence paying rent shall begin on the Commencement Date, unless Tenant is delayed in occupying the Premises solely as the result of delay caused by Landlord. If Tenant is unable to occupy the Premises on the Commencement Date solely as the result of delay caused by Landlord, then (a) Landlord will be liable to Tenant for any direct (but not any consequential) damages resulting to Tenant from the delay, (b) the validity of this Lease will not be affected, and (c) the term of this Lease will not be extended.

2.3 Early Occupancy. Except as expressly permitted under the terms of this Lease, Tenant may not enter or occupy the Premises prior to the Commencement Date without Landlord's express written consent (any such early entry or occupancy to be subject to the terms of this Lease). Landlord shall permit Tenant to enter the Premises prior to the Commencement Date (without being required to pay Base Rent or Operating Costs) for the purpose of constructing the Leasehold Improvements (as defined in Rider 1) and installing telephones, equipment, furniture and similar items in preparation for Tenant's occupancy of the Premises. Furthermore, notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right to occupy the Premises prior to the Commencement Date (but in no event prior to July 1, 1999) under the terms and conditions set forth hereinafter in this Section 2.3. No such occupancy shall be permitted unless Tenant has obtained a certificate of occupancy and other requisite governmental approvals with respect to the Premises. If Tenant elects to occupy the Premises prior to the Commencement Date, Tenant shall send written notice thereof to Landlord at least three (3) days prior to such occupancy. Occupancy by Tenant prior to the Commencement Date ("Early Occupancy") shall be subject to all the terms and conditions of this Lease (including, without limitation, the provisions of this Lease requiring Tenant to pay its Pro Rata Share of Electricity Costs and Operating Costs); provided, however, that Base Rent during such period of Early Occupancy shall be as follows: (a) no Base Rent shall be payable for occupancy of the Premises during the month of July, 1999; (b) Base Rent for occupancy during the months of August, 1999, September, 1999,

and October, 1999, shall be fifty percent (50%) of the monthly Base Rent payable during the first year of the Term; and (c) Base Rent for occupancy during the month of November, 1999, shall be seventy-five percent (75%) of the monthly Base Rent payable during the first year of the Term. Occupancy of the Premises by Tenant prior to the Commencement Date shall not alter the Commencement Date or the Expiration Date.

2.4 Holding Over. If Tenant, or any party claiming rights to the Premises through Tenant, retains possession of the Premises without the written consent of Landlord after the Expiration Date or earlier termination of this Lease, such possession will constitute a tenancy at will, subject, however, to all the terms and provisions of this Lease, except for (i) the Term and (ii) the annual Base Rent, which annual Base Rent will become an amount equal to one hundred fifty percent (150%) of the highest amount set forth in this Lease as annual Base Annual, plus any adjustments which have previously occurred. No holding over by Tenant, and no acceptance of rental payments by Landlord during a holdover period, whether with or without the consent of Landlord, will operate to extend this Lease.

3. MONETARY PROVISIONS

3.1 Base Rent. Subject to the prepaid rent provisions of Section 3.4, Tenant will pay as the monthly installment of "Base Rent" for each month of the Term, the sum set forth in the Basic Lease Provisions, in advance on or before the first day of each calendar month of the Term, without deduction, offset, prior notice, or demand, and in lawful money of the United States. If the Commencement Date is not the first day of a calendar month, Tenant will pay to Landlord on the Commencement Date a portion of the monthly installment of Base Rent prorated on the basis of a thirty (30) day month. Further, if Tenant occupies the Premises prior to the Commencement Date, then Tenant shall make payments of Base Rent on or before the first day of each calendar month during such period of Early Occupancy in accordance with Section 2.3.

3.2 Tenant's Share of Certain Costs. In addition to all other sums due under this Lease, Tenant will pay to Landlord as additional monthly rent, in the manner and at the times set forth below, (1) Tenant's Pro-rata Share of Electricity Costs as calculated in accordance with Section 3.2(c)(i) below for each calendar year or partial calendar year, and (2) Tenant's Pro-Rata Share of Operating Costs as calculated in accordance with Section 3.2(c)(ii) for each calendar year or partial calendar year.

(a) Electricity Costs. "Electricity Costs" shall mean the costs incurred by Landlord for (i) electricity utilized in connection with the operation, maintenance, and use of the Project, and (ii) sales, use, excise and other taxes assessed by governmental authorities on electricity.

(b) Operating Costs. "Operating Costs" will mean all costs, charges, and expenses incurred by Landlord (excluding Electricity Costs) in connection with owning, operating, maintaining, repairing, insuring and managing the Project, provided that such Operating Costs are substantially consistent with Operating Costs incurred by owners of other first-class office buildings in the Plano, Texas area. Operating Costs shall be computed on an accrual basis and shall include, without limitation, costs, charges and expenses incurred with respect to the items enumerated as "Operating Cost Examples" in Paragraph 2 of Exhibit C to this Lease. Operating Costs will not include those items enumerated as "Operating Cost Exclusions" in Paragraph 1 of Exhibit C to this Lease. Tenant waives all rights to protest or appeal the appraised value of the Premises, as well as the Project and Building, and all rights to receive notices of

reappraisement as set forth in Sections 41.413 and 42.015 of the Texas Tax Code.

(c) Pro Rata Share Computation.

(i) "Tenant's Pro Rata Share of Electricity Costs" will be computed by multiplying (i) the Electricity Costs

per square foot of Rentable Area in the Building times (ii) the number of square feet of Rentable Area in the Premises. Notwithstanding the preceding sentence, if Landlord or Tenant elects to have a separate meter installed to measure the electricity consumed within the Premises pursuant to Section 5.3(b)(ii), then Tenant's Pro Rata Share of Electricity Costs will be the sum of (A) the costs of electricity consumed within the Premises, as measured by the separate meter, and (B) the costs of electricity consumed in connection with the operation of the Common Areas, as reasonably determined by Landlord, multiplied by a fraction, the numerator of which is the number of square feet of Rentable Area in the Premises and the denominator of which is the number of square feet of Rentable Area in the Building.

(ii) "Tenant's Pro Rata Share of Operating Costs" will be computed by multiplying (A) the amount, if any, by which the Operating Costs per square foot of Rentable Area in the Building exceed the Expense Stop, times (B) the number of square feet of Rentable Area in the Premises.

(d) Estimated Costs. Tenant's Pro Rata Share of Electricity Costs and Tenant's Pro Rata Share of Operating Costs for the remainder of the first calendar year (whether full or partial) and for each subsequent calendar year of the Term will be estimated by Landlord, and notice of such estimated amounts will be given to Tenant at least thirty (30) days prior to the Commencement Date or the beginning of each calendar year, as the case may be. If the Commencement Date does not occur on January 1, for the partial calendar year after the Commencement Date, Tenant will pay to Landlord each month, at the same time as the monthly installment of Base Rent is due, an amount equal to Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for the remainder of such calendar year divided by the number of full months remaining in such year. For each full calendar year of the Term, Tenant will pay to Landlord each month, at the same time as the monthly installment of Base Rent is due, an amount equal to one-twelfth (1/12) of Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs due for such calendar year. If the Expiration Date does not occur on December 31, for the partial calendar year preceding the Expiration Date, Tenant will pay to Landlord, each month, at the same time as the monthly installment of Base Rent is due, an amount equal to the amount of Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for such partial calendar year divided by the number of full calendar months of such partial calendar year.

(e) Estimate Revisions. At any time and from time to time during the Term, Landlord will have the right, by notice to Tenant, to change the monthly amount then payable by Tenant for Tenant's estimated Pro Rata Share of Electricity Costs or Pro Rata Share of Operating Costs to reflect more accurately, in the reasonable judgment of Landlord, the actual amount of such costs payable by Tenant for the then current calendar year. Tenant will begin paying the revised estimated amount together with the next monthly payment of Base Rent due after receipt by Tenant of Landlord's notice.

(f) Annual Adjustments. On or before April 1 of each calendar year, Landlord will prepare and deliver to Tenant a statement setting forth the calculation of Tenant's actual Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for the previous calendar year. Within thirty (30) days after receipt of such statement, Tenant will pay to Landlord, or Landlord will

credit against the next rental or other payment or payments due from Tenant, as the case may be, the difference between Tenant's actual Pro Rata Share of Electricity Cost and Pro Rata Share of Operating Costs for the preceding calendar year and Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs paid by Tenant during such year. Tenant shall have the right to conduct an audit ("Tenant's Audit") of the Electricity Costs and the Operating Costs in respect of a calendar year provided that all the following conditions are met in strict accordance with their terms: (i) such audit is conducted within one (1) year after Landlord delivers to Tenant the calculation of Tenant's actual Pro Rata Share of Electricity Costs or Pro Rata Share of Operating Costs, as the case may be, for such calendar year (time being of the essence with respect thereto); and (ii) such audit is conducted at hours reasonably designated by Landlord by auditors who are employees of Tenant or by an accounting firm of national standing retained by Tenant. The results of Tenant's Audit shall be made available to Landlord. The result of Tenant's Audit shall be binding upon the parties unless Landlord, during the thirty (30) day period after receipt of Tenant's Audit, requests that another audit of the relevant costs be performed. If such request is timely made, Landlord and Tenant shall retain a mutually acceptable accounting firm to conduct such audit (the "Mutual Audit"), the results of which shall be binding upon the parties. The cost of the Mutual Audit shall be borne equally by Landlord and Tenant. Tenant shall pay the cost of Tenant's Audit; provided, however, that if Tenant's Audit (or, in the alternative, the Mutual Audit if one is conducted) determines that Landlord's calculation of the aggregate total of Electricity Costs and Operating Expenses was overstated by more than five percent (5%), then Landlord shall reimburse Tenant for the cost of Tenant's Audit. If Tenant's Audit (or, in the alternative, the Mutual Audit if one is conducted) determines that Landlord has charged, and Tenant has paid, Electricity Costs or Operating Costs in excess of such costs required to be paid by Tenant under the terms of this Lease, Landlord shall, at Landlord's election (notice of which election shall be sent to Tenant within twenty (20) days after the amount of any such excess has been finally determined), either (A) promptly reimburse Tenant the amount of such excess, or

(B) credit the entire amount of such excess against the next installment of rent becoming due under this Lease.

(g) Final Partial Year. If the Term will expire or this Lease has been terminated prior to a final determination of Tenant's actual Pro Rata Share of Electricity Costs or Pro Rata Share of Operating Costs, the amount of adjustment between Tenant's estimated pro rata share of such costs and Tenant's actual pro rata share of such costs payable for the preceding calendar year and/or the final partial calendar year of the Term will be projected by the Landlord based upon the best data available to Landlord at the time of the estimate. Within thirty (30) days after receipt of a statement from Landlord setting forth Landlord's projections, Tenant will pay to Landlord, or Landlord will pay to Tenant, as the case may be, the difference between Tenant's projected actual Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs for the period in question and Tenant's estimated Pro Rata Share of Electricity Costs and Pro Rata Share of Operating Costs paid by Tenant for the period in question. The obligations set forth in the preceding sentence will survive the Expiration Date or earlier termination of this Lease.

(h) Adjustment for Occupancy. During any calendar year in which the Building has less than full occupancy, Operating Costs will be computed as though the Building had been completely occupied for the entire calendar year.

3.3 Personal Property Taxes. Tenant agrees to pay, before delinquency, all taxes, fees or charges, rates, duties and assessments, imposed, levied or assessed directly against Tenant, or indirectly through Landlord, and payable during the Term hereof, upon Tenant's equipment, furniture, movable trade fixtures and other personal property located in the Premises. Tenant will also pay, before delinquency, business and other taxes, fees or charges, rates,

duties and assessments imposed, levied or assessed because of the Tenant's occupancy of the Premises or upon the business or income of the Tenant generated from the Premises.

3.4 Prepaid Rent. Upon written notice from Landlord (which notice shall be given no earlier than thirty (30) days before Landlord tenders possession of the Premises to Tenant), Tenant will pay to Landlord the sum specified in Paragraph 7 of the Basic Lease Provisions as "Prepaid Rent" which sum will be credited to Base Rent in the manner set forth in the Basic Lease Provisions.

3.5 Security Deposit. Intentionally omitted.

3.6 Late Payments. Should Tenant fail to pay any installment of Base Rent on or before the tenth (10th) day of each calendar month, Interest (as hereinafter defined) will accrue from the date on which such sum is due and such Interest, together with a "Late Charge" (herein so called) in an amount equal to five percent (5%) of the installment then due, will be paid by Tenant to Landlord at the time of payment of the delinquent sum. The Late Charge is agreed by Landlord and Tenant to be a reasonable estimate of the extra administrative expenses incurred by Landlord in handling such delinquency.

3.7 Interest. Whenever reference is made in this Lease to the accrual of interest on sums due Landlord or whenever any amount owed to Landlord is not paid when due, such sum will bear interest ("Interest") at an annual rate equal to the lesser of (i) two percent (2%) over the "base" or "prime" rate published from time to time by Nations Bank, N.A., or (ii) the maximum lawful rate.

3.8 Administrative Reimbursement. In the event Landlord performs construction, maintenance, or repairs for Tenant under Sections 7.3, 8.5 or 12.2 of Part Two of this Lease, Tenant will reimburse Landlord within ten (10) days after receipt of an invoice from Landlord for the cost of such construction, maintenance or repairs plus an amount equal to ten percent (10%) of such costs ("Administrative Reimbursement") to reimburse Landlord for administration and overhead.

3.9 Additional Rent. Any payments to be made by Tenant to Landlord under this Lease in addition to the Base Rent, whether or not denominated as rent, will be deemed to be additional rent under this Lease for the purpose of securing their collection and will constitute rent for purposes of Section 502 of the Bankruptcy Code. Landlord will have the same rights and remedies upon Tenant's failure to make such payments as for the nonpayment of Base Rent.

4. CONSTRUCTION

In the event any construction of tenant improvements is necessary for the Premises, such construction will be accomplished and the cost of such construction will be borne by Landlord and/or Tenant in accordance with a separate Rider to this Lease ("Work Letter") between Landlord and Tenant. Except as expressly provided in this Lease or in the Work Letter, if any, Tenant acknowledges that Landlord has not undertaken to perform any modification, alteration or improvement to the Premises.

5. SERVICES AND UTILITIES

5.1 Services by Landlord. Provided Tenant is not in default under this Lease, and subject to the conditions and standards set forth in this Lease and

to standards, limitations and guidelines imposed by governmental authorities and utility companies, Landlord will furnish or cause to be furnished the

following services and utilities: (i) heat and air conditioning to the Premises during "Normal Business Hours" (as defined in the Rules and Regulations), at such temperatures and in such quantities as Landlord determines are reasonably necessary for the comfortable use and occupancy of the Premises for general office purposes and as is consistent with the operation of a first class office building in the Dallas/Fort Worth metropolitan area; (ii) water at the normal temperature of the supply of water to the Building for lavatory and drinking purposes through fixtures installed by Landlord or by Tenant with Landlord's consent; (iii) janitorial cleaning services to those portions of the Premises which are used for office purposes five (5) days per week (except on holidays observed by the Building); (iv) cleaning of the carpet in the Premises at least two (2) times each calendar year; (v) twenty-four (24) hour, nonexclusive passenger elevator service and, when scheduled through the Building management, nonexclusive freight elevator service to the floor(s) on which the Premises are located; (vi) routine maintenance in the Common Areas; (vii) replacement of standard light bulbs, fluorescent tubes, and ballasts in the Premises; and (viii) electric current to the Premises for standard office lighting and office machines which consume electric current within the parameters set forth in Section 5.3(a)(i) of this Lease. All services referred to in this Section 5.1 shall be provided by Landlord and (subject to the provisions of Exhibit C) paid for by Tenant as part of Tenant's payment of Tenant's Pro Rate Share of Electrical Costs and Pro Rata Share of Operating Costs.

5.2 Tenant's Obligations. Tenant will pay for, prior to delinquency, all telephone charges and all other materials and services not expressly the obligation of Landlord that are furnished to or used on or about the Premises during the Term of this Lease.

5.3 Tenant's Additional Service Requirements.

(a) Additional Services Requiring Landlord Consent. Tenant will not, without Landlord's prior written consent, do the following: (i) install or use special lighting beyond Building standard, or any equipment, machinery, or device in the Premises which requires a nominal voltage of more than one hundred twenty (120) volts single phase, or which in Landlord's reasonable opinion exceeds the capacity of existing feeders, conductors, risers, or wiring in or to the Premises or Building, or which requires amounts of water in excess of that usually furnished or supplied for use in office space, or which will decrease the amount or pressure of water or the amperage or voltage of electricity Landlord can furnish to other occupants of the Building; (ii) install or use any heat or cold-generating equipment, machinery or device which affects the temperature otherwise maintainable by the heat or air conditioning system of the Building; (iii) use portions of the Premises for special purposes requiring greater or more difficult cleaning work than office areas, such as, but not limited to, interior glass partitions, and non-Building standard materials or finishes; or (iv) accumulate refuse or rubbish (A) in excess of that ordinarily accumulated in business office occupancy or (B) at times other than the Building's standard cleaning times.

(b) Providing Additional Services. If, in the reasonable opinion of Landlord, additional services to Tenant are necessary, Landlord will have the following rights:

(i) Removal by Tenant. Landlord may require that Tenant cease the activity or remove the item (or refuse to permit the activity or installation of the item), causing (or which will cause) the need for such

additional service, if Landlord and Tenant are not able to agree upon a mutually satisfactory method for providing such additional services or, in the reasonable opinion of Landlord, providing such additional service is not operationally or economically feasible.

(ii) Separate Metering. Landlord may, at Landlord's expense, install and maintain separate metering devices. Landlord agrees that it will, at the request of Tenant, cause separate metering devices to be installed to monitor electricity usage in the Premises, and in such event the cost of such meters and their installation, maintenance and repair shall be the obligation of Tenant. Landlord may also cause periodic usage surveys to be prepared by an engineer employed by Landlord for such purpose, the cost of which shall be included in Operating Costs.

(iii) Additional HVAC. With respect to heat or cold generating equipment, Landlord may furnish additional heat or air conditioning to the Premises, or install supplementary heating or air conditioning units in the Premises or elsewhere in the Building, or modify the existing heating or air conditioning system in the Premises. The actual cost of additional heat or air conditioning, supplementary units, or modifications to the existing system will be the obligation of Tenant.

(iv) Replacement Bulbs. With respect to lighting beyond standard lighting used throughout the Building, Landlord may purchase and replace, at the expense of Tenant, light bulbs and ballasts and/or fixtures.

(v) Additional Janitorial Services. With respect to additional cleaning work, Landlord may instruct Landlord's janitorial contractor to provide such services and the cost of such service will be the obligation of Tenant.

(vi) Substitution of Cleaning Contractors. In the event that Tenant, in its reasonable judgement, is dissatisfied with the janitorial service provided in the Premises by Landlord's cleaning contractor, Tenant shall send written notice thereof (a "Janitorial Complaint Notice") to Landlord

stating with particularity the basis for such dissatisfaction. If Landlord fails to cure the cited problem with the janitorial service to Tenant's reasonable satisfaction within fifteen (15) days after receiving a Janitorial Complaint Notice, then Landlord shall allow Tenant to contract directly with a cleaning company reasonably acceptable to Landlord for the provision of janitorial services to the Premises. In such event, Tenant shall pay the cost of janitorial services to the Premises and the cost of janitorial services included in Operating Costs under this Lease shall be limited to the cost of janitorial services in the Common Areas.

(c) After Hours Heat or Air Conditioning. Landlord will use reasonable efforts to provide after hours heat or air conditioning, at the cost of Tenant, upon request from Tenant received no later than 3:00 p.m. on a week day for service required the same night (or prior to business hours of the following day) or 3:00 p.m. of the last business day before a weekend or a holiday for service required on a weekend or holiday. The cost of after hours heat or air conditioning charged to Tenant will equal the actual cost to Landlord of providing such after hours heat or air conditioning.

(d) Payment. Tenant will pay to Landlord the cost of any additional service and any other cost for which Tenant is obligated under Section 5.3(b) or (c) within thirty (30) days after receipt of an invoice with respect to same

from Landlord.

5.4 Interruption of Utility Service. Landlord will use Landlord's best efforts to provide the services required of Landlord under this Lease. However, Landlord reserves the right, without any liability to Tenant and without affecting Tenant's covenants and obligations under this Lease, to stop or interrupt or reduce any of the services listed in Section 5.1 or to stop or interrupt or reduce any other services required of Landlord under this Lease, whenever and for so long as may be necessary (provided that Landlord shall use its best efforts to minimize any disruption of or interference with Tenant's use and occupancy of the Premises, with the additional expense thereof to be included in Operating Costs) by reason of (i) accidents or emergencies, (ii) the making of repairs or changes which Landlord in good faith deems necessary or is required or is permitted by this Lease or by law to make, (iii) difficulty in securing proper supplies of fuel, water, electricity, labor or supplies, (iv) the compliance by Landlord with governmental, quasi-governmental or utility company energy conservation measures, or (v) the exercise by Landlord of any right under Section 6.5. Landlord will, in the event of an interruption of a utility service, use Landlord's best efforts to cause such service to be resumed. However, no interruption or stoppage of any of such services will ever be construed as an eviction of Tenant nor will such interruption or stoppage cause any abatement of the rent payable under this Lease or in any manner relieve Tenant from any of Tenant's obligations under this Lease. Notwithstanding the preceding sentence, however, if any interruption of electrical or water service to the Premises results from the negligence of Landlord and continues for five (5) consecutive days, Tenant shall be entitled to an abatement of Base Rent beginning upon the sixth (6th) day of such interruption and ending at such time as electrical or water service, as the case may be, is restored to the Premises.

6. OCCUPANCY AND CONTROL

6.1 Use. The Premises will be used and occupied by Tenant for general office purposes and for no other purposes. In no event will the term "general office purposes" be construed to include an educational facility or school, a telemarketing operation or a personnel agency.

6.2 Access to the Building and Premises; Telephone System.

(a) Landlord shall furnish Tenant, at no cost to Tenant, one (1) card key to the Premises for each employee of Tenant working in the Premises; however, Tenant shall be required to pay a reasonable fee determined by Landlord for any replacement card keys.

(b) Notwithstanding anything to the contrary contained in the Rules and Regulations (as hereinafter defined), Tenant shall have the right, at its sole cost and expense, to control access to the Premises through the use of locks, card key or other access systems; provided, however, that Landlord shall have the right to approve the design and installation of such system (which approval shall not be unreasonably withheld) and provided further that Landlord shall always be furnished with such keys, electronic keys, key cards, access codes, or similar access devices as are necessary to provide Landlord with access to the Premises.

(c) Tenant shall have the right, at its sole cost and expense, to install its own telephone system in the Premises; provided, however, that Landlord shall have the right to approve the design and installation of such system (which approval shall not be unreasonably withheld).

6.3 Rules and Regulations. Tenant's use of the Premises and the Common Areas will be subject at all times during the Term to the "Rules and

Regulations" attached to the Lease as Exhibit D and to any modifications of such
Rules and Regulations and any additional Rules and Regulations from time to time promulgated by Landlord in Landlord's reasonable discretion (the "Rules and Regulations"). Additional Rules and Regulations will not become effective and a part of this Lease until a copy of same has been delivered to Tenant. The inability of Landlord to cause another occupant of the Building to comply with the Rules and Regulations will neither excuse Tenant's

obligation to comply with such Rules and Regulations or any other obligation of Tenant under this Lease nor cause the Landlord to be liable to Tenant for any damage resulting to Tenant. Tenant will cause Tenant's employees, servants and agents to comply with the Rules and Regulations.

6.4 Additional Covenants of Tenant.

(a) Laws, Statutes. As respects all of the Leasehold Improvements (as defined in Rider 1) other than the Landlord Improvements (as defined in Rider 1), Tenant will, at Tenant's sole cost, promptly comply with (i) all laws, orders, regulations, and other government requirements now in force or hereafter enacted relating to the use, condition, or occupancy of the Premises, including without limitation, (A) Title III of The Americans with Disabilities Act of 1990, all regulations issued thereunder, and the Accessibility Guidelines for Buildings and Facilities issued pursuant thereto, and the Texas Architectural Barriers Act, as the same are in effect on the date of this Lease and as hereafter amended ("Disabilities Acts"), and (B) all applicable laws, ordinances, and regulations (including consent orders and administrative orders) relating to public health and safety and protection of the environment and regulation of "Hazardous Substances", as such term is defined in Article 21 of the General Lease Provisions ("Environmental Laws"), and (ii) all rules, orders, mandates, directives, regulations and requirements pertaining to the use of the Premises and the conduct of Tenant's business imposed by Landlord's insurers, American Insurance Association (formerly known as "National Board of Fire Underwriters") or insurance service office, any utility company serving the Building or any other similar body having jurisdiction over the Building, any related parking areas, and the Premises. The foregoing provisions of this Section 6.4(a) shall in no event be construed to require Tenant to make any modifications to the Building or any improvements other than the Leasehold Improvements (excluding the Landlord Improvements) which may be required by applicable laws, orders, regulations and other governmental requirements, it being agreed that Landlord shall be responsible for such modifications subject to the provisions of Article 3 and Exhibit C.

(b) Nuisance. Tenant will not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the operation of the Project or with the rights of other tenants or occupants of the Project or injure, disturb or annoy other tenants or occupants of the Project.

(c) Building Reputation. Tenant will not use or permit the Premises to be used for any objectionable purpose or any purpose which, in the reasonable opinion of the Landlord, harms or tends to harm the business or reputation of the Landlord or Building or reflects unfavorably on the Building, or any part of the Building, or deceives or defrauds the public.

(d) Recording. Neither Landlord nor Tenant will record this Lease or any memorandum of this Lease without the prior written consent of the other

party. Either Landlord or Tenant will, upon request of the other party, execute, acknowledge and deliver to the other party a short form or memorandum of this Lease for recording purposes.

6.5 Access by Landlord. Landlord reserves the right for Landlord and Landlord's agents to enter the Premises at any reasonable time, upon reasonable prior notice to Tenant: (a) to inspect the Premises (which inspections shall be conducted during business hours except in the event of an emergency), (b) to supply janitorial service or other services to be provided by Landlord to Tenant under this Lease, (c) to show the Premises to prospective lenders or purchasers, (d) to alter, improve, maintain or repair the Premises or any other portion of the Building abutting the Premises, (e) to install, maintain, repair, replace or relocate any pipe, duct, conduit, wire or equipment serving other portions of the Building but located in the ceiling, wall or floor of the Premises, (f) to perform any other obligation of Tenant after Tenant's failure to perform same, or (g) upon default by Tenant under this Lease. Furthermore, during the last six (6) months of the Term, Landlord and Landlord's agents shall have the right to enter the Premises at any reasonable time, upon reasonable prior notice to Tenant, to show the Premises to prospective tenants. If Landlord enters the Premises for the purpose of performing work, Landlord may erect scaffolding and store tools, material, and equipment in the Premises when required by the character of the work to be performed.

6.6 Control of Project. The Building and Common Areas will be at all times under the exclusive control, management and operation of the Landlord. Landlord hereby reserves the right from time to time (a) to alter or redecorate the Project, or any part thereof, or construct additional facilities adjoining or proximate to the Project; (b) to close temporarily doors, entry ways, public spaces and corridors and to interrupt or suspend temporarily Building services and facilities in order to perform any redecorating or alteration or in order to prevent the public from acquiring prescriptive rights in the Common Areas; and (c) to change the name of the Building. Landlord agrees that the number of parking spaces available to tenants of the Project shall in all events comply with applicable parking ordinances.

6.7 Minimization of Disruption. Landlord will attempt not to disrupt Tenant's operations in the Premises during the exercise of Landlord's rights or the performance by Landlord of Landlord's obligations under this Lease, but will not be required to incur extra expenses in order to minimize such disruption. No exercise by Landlord of any right or the performance by

Landlord of Landlord's obligations under this Lease will constitute actual or constructive eviction or a breach of any express of implied covenant for quiet enjoyment.

7. REPAIRS, MAINTENANCE AND ALTERATIONS

7.1 Landlord's Repair Obligations. Landlord will, subject to the casualty provisions of Article 9, maintain (a) the Common Areas and Service Areas, (b) roof, foundation, exterior windows and load bearing items of the Building; (c) exterior surfaces of walls; (d) plumbing, pipes and conduits located in the Common Areas or Service Areas of the Building, and (e) the Building central heating, ventilation and air conditioning, electrical, mechanical and plumbing systems. Landlord will not be required to make any repair in connection with or resulting from (i) any alteration or modification to the Premises or to Building equipment performed by or on behalf of Tenant or to special equipment or systems installed by or on behalf of Tenant, (2) the installation, use or operation of Tenant's property, fixtures and equipment, (3) the moving of Tenant's property in or out of the Building or in and about the Premises, (4) Tenant's use or

occupancy of the Premises in violation of Article 6 or in a manner not contemplated by the parties at the time of execution of this Lease (e.g., subsequent installation of special use rooms), (5) the acts or omissions of Tenant and Tenant's employees, agents, invitees, subtenants, licensees or contractors, (6) fire or other casualty, except as provided in Article 9, or (7) condemnation, except as provided in Article 10. Depending upon the nature of repairs undertaken by Landlord, the cost of such repairs will be borne solely by Landlord or reimbursed to Landlord either by a particular tenant or tenants or by all tenants as an Operating Cost as provided in this Lease.

7.2 Tenant's Repair Obligations. Except for janitorial services provided by Landlord, Tenant, at Tenant's expense, will maintain the Premises in good order, condition and repair including, without limitation, the interior surfaces of the windows, walls and ceilings; floors; wall and floor coverings; window coverings; doors; interior windows; and all switches, fixtures and equipment in the Premises. Upon receipt of reasonable notice from Tenant, Landlord will perform, at the expense of Tenant, all repairs and maintenance to plumbing, pipes and electrical wiring located within walls, above ceiling surfaces and below floor surfaces resulting from the use of the Premises by Tenant. In no event will Tenant be responsible for any plumbing, pipes and electrical wiring, switches, fixtures and equipment located in the Premises but serving another tenant or for portions of the central heat, ventilation and air conditioning, electrical, mechanical and plumbing systems of the Building which are located in the Premises, except for (i) repairs resulting from the acts of Tenant and Tenant's employees, agents, invitees, subtenants, licensees or contractors, (ii) modifications made to such systems by or on behalf of Tenant, and (iii) special equipment installed by or on behalf of Tenant.

7.3 Rights of Landlord. In the event Tenant fails, in the reasonable judgment of Landlord, to maintain the Premises in good order, condition and repair, Landlord will have the right to perform such maintenance, repairs, refurbishing or repairing at Tenant's expense.

7.4 Surrender. Upon the expiration or earlier termination of this Lease, or upon the exercise by Landlord of Landlord's right to re-enter the Premises without terminating this Lease, Tenant will surrender the Premises in the same condition as received or as subsequently improved by Landlord or Tenant, except for (i) ordinary wear and tear and (ii) damage by fire, earthquake, acts of God or the elements, and will deliver to Landlord all keys for the Premises and Garage and combinations to safes located in the Premises. Tenant will, at Landlord's option, remove, or cause to be removed, from the Premises or the Building, at Tenant's expense and as of the Expiration Date or earlier termination of this Lease, all signs (including any signs located on the Premises, i.e., monument signs), notices, displays, and trade fixtures of Tenant. Tenant agrees to repair, at Tenant's expense, any damage to the Premises or any other part of the Project resulting from the removal of any articles of personal property, movable business or trade fixtures, machinery, equipment, furniture or movable partitions, including without limitation, repairing the floor and patching and painting the walls where required by Landlord. Tenant's obligations under this Section 7.4 will survive the expiration or earlier termination of this Lease. If Tenant fails to remove any item of property permitted or required to be removed at the expiration or earlier termination of the Term, Landlord, may, at Landlord's option, (a) remove such property from the Premises at the expense of Tenant and sell or dispose of same in such manner as Landlord deems advisable, or (b) place such property in storage at the expense of Tenant. Any property of Tenant remaining in the Premises ten (10) days after the Expiration Date or earlier termination of this Lease will be deemed to have been abandoned by Tenant.

7.5 Alterations by Tenant.

(a) Approval Required. Tenant will not make, or cause or permit to be made, any additions, alterations, installations or improvements in or to the Premises (collectively, "Alterations"), without the prior written consent of Landlord. In the case of non-structural Alterations proposed by Tenant, Landlord shall not unreasonably withhold, condition or delay its consent. Unless Landlord has waived such requirement in writing, together with Tenant's request for approval of any Alteration, Tenant must also submit details with respect to the proposed source of funds for the payment of the cost of the Alteration by Tenant, design concept, plans and specifications, names of proposed contractors, and financial and other pertinent information about such contractors (including without limitation, the labor organization affiliation or lack of affiliation

of any contractors), certificates of insurance to be maintained by Tenant's contractors, hours of construction, proposed construction methods, details with respect to the quality of the proposed work and evidence of security (such as payment and performance bonds) to assure timely completion of the work by the contractor and payment by the contractor of all costs of the work. With respect to any Alteration which is visible from outside the Premises, such proposed Alteration must, in the opinion of Landlord, also be architecturally and aesthetically harmonious with the remainder of the Building.

(b) Complex Alterations. If the nature, volume or complexity of any proposed Alterations, causes Landlord to consult with an independent architect, engineer or other consultant, Tenant will reimburse Landlord for the fees and expenses incurred by Landlord. If any improvements will affect the basic heat, ventilation and air conditioning or other Building systems or the Building, Landlord may require that such work be designed by consultants designated by Landlord and be performed by Landlord or Landlord's contractors.

(c) Standard of Work. All work to be performed by or for Tenant pursuant hereto will be performed diligently and in a first-class, workmanlike manner, and in compliance with all applicable laws, ordinances, regulations and rules of any public authority having jurisdiction over the Project and/or Tenant, including, without limitation, the Disabilities Acts, Environmental Laws, and Landlord's insurance carriers. Landlord will have the right, but not the obligation, to inspect periodically the work on the Premises and may require changes in the method or quality of the work.

(d) Ownership of Alterations. All Alterations made by or for Tenant (other than Tenant's trade fixtures) will immediately become the property of Landlord, without compensation to Tenant; provided, however, Landlord will have no obligation to repair, maintain or insure such Alterations. Carpeting and cabinetry will be deemed improvements of the Premises and not trade fixtures, regardless of how or where affixed. Such Alterations will not be removed by Tenant from the Premises either during or at the expiration or earlier termination of the Term and will be surrendered as a part of the Premises unless Landlord has requested that Tenant remove such Alterations.

7.6 Common Area Displays. The parties acknowledge that Tenant may, with the approval of Landlord (to be given or withheld in Landlord's sole discretion), place artwork or other displays in the lobby of the Building or in other Common Areas ("Common Area Displays"). In the event that Common Area Displays are placed in the lobby of the Building or other Common Areas, such Common Area Displays shall not be removed by Tenant prior to the expiration or termination of this Lease unless the prior written approval of Landlord is obtained; provided, however, that Tenant shall have the right to remove the Common Area Displays, at Tenant's expense, without the consent of Landlord in the event that (a) Tenant no longer occupies the Premises or any portion thereof, and (b) Cinemark USA, Inc. and Tenant have no contractual arrangement

whereby Cinemark USA, Inc. serves the products of Tenant in the movie theaters operated by Cinemark USA, Inc. Upon the expiration or termination of this Lease, Tenant shall remove the Common Area Displays at the sole expense of Tenant.

7.7 Liens. Tenant will keep the Premises and the Building free from any liens arising out of work performed, materials furnished, or obligations incurred by or on behalf of or for the benefit of Tenant. If Tenant does not, within ten (10) days following notice of the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond or other security, Landlord will have, in addition to all other remedies provided in this Lease and by law, the option, to cause the same to be released by such means as Landlord deems proper, including payment of the claim giving rise to such lien. All sums paid and expenses incurred by Landlord in connection therewith, including attorneys' fees and a reasonable amount for Landlord's administrative time, will be payable to Landlord by Tenant on demand with Interest from the date such sums are expended.

8. INSURANCE

8.1 Insurance Required of Tenant. Tenant will, at Tenant's sole expense, procure and maintain the coverages required by this Section 8.1.

(a) Commercial General Liability Insurance. Tenant will procure and maintain commercial general liability insurance ("Liability Insurance") written on an "occurrence" policy form, covering bodily injury, property damage and personal injury arising out of or relating, directly or indirectly, to Tenant's business operations, conduct, assumed liabilities or use or occupancy of the Premises or any other part of the Project. Tenant will cause Landlord and any lender of Landlord as to which Tenant has been provided notice to be named as "additional insureds." The minimum acceptable limits for Tenant's Liability Insurance are set forth in Paragraph 9 of the Basic Lease Provisions.

(b) Workers' Compensation and Employer Liability Coverage. Tenant will procure and maintain workers' compensation insurance as required by law and employer's liability insurance with limits of no less than the amount set forth in Paragraph 9 of the Basic Lease Provisions.

(c) Property Insurance. Tenant will procure and maintain property insurance coverage ("Property Insurance") for the following: (i) all office furniture, trade fixtures, office

equipment, merchandise and all other items of Tenant's personal property in, on, at or about the Premises or any other part of the Project; and (ii) all leasehold improvements to the Premises constructed pursuant to the Work Letter, if any, attached to this Lease, and other improvements, betterments, and Alterations to the Premises. Tenant's Property Insurance must be written on an "all-risk" (special-causes-of-loss) policy form or an equivalent form, include an agreed-amount endorsement for no less than one hundred percent (100%) of the full replacement cost (new without deduction for depreciation) of the covered items and property; be written in amounts of coverage that meet any coinsurance requirements of the policy or policies, and include vandalism and malicious mischief coverage, and sprinkler leakage coverage. Landlord must be named as an "insured as its interest may appear" under Tenant's Property Insurance.

(d) Business Income and Extra Expense Coverage. Tenant will also

procure and maintain business income /business interruption insurance and extra expense coverage (collectively, "Interruption Insurance") with coverage amounts that will reimburse Tenant for all direct or indirect loss of income and charges and costs incurred arising out of all perils insured against by Tenant's Property Insurance coverage, including prevention of, or denial of use of or access to, all or part of the Premises or the Building, as a result of those perils. The Interruption Insurance coverage must provide coverage for no less than twelve (12) months of the loss of income, charges, and costs contemplated under the Lease.

8.2 Landlord's Insurance. Landlord will, during the Term of this Lease, procure and continue in force the following insurance: (a) liability insurance written on an "occurrence" policy form, covering bodily injury, property damage and personal injury arising out of or relating, directly or indirectly, to Landlord's business operations, conduct, assumed liability or use or occupancy of the Project, with a combined single limit of not less than Two Million Dollars ($2,000,000), it being agreed that Landlord will cause Tenant to be named as an "additional insured"; and (b) property insurance covering the Building and all personal property located in the Building and all machinery, equipment and other personal property used in connection with the Building (but not property owned by any tenant of the Building or for which any tenant of the Building is legally liable, or alterations, leasehold improvements, or betterments made, installed or purchased by or on behalf of any tenant of the Building), which property insurance must be written on an "all-risk" (special-causes-of-loss) policy from or an equivalent form, include an agreed-amount endorsement for no less than one hundred percent (100%) of the full replacement cost (new without deduction for depreciation) of the covered items and property; be written in amounts of coverage to meet any coinsurance requirements of the policy or policies, and include vandalism and malicious mischief coverage, and sprinkler leakage coverage. Landlord shall also procure and maintain workers' compensation insurance as required by law and employer's liability insurance with limits of not less than One Million Dollars ($1,000,000).

8.3 Form of Policies and Additional Requirements. The insurance requirements set forth in Section 8.1 and Section 8.2 are independent of the waiver, indemnification, and other obligations of Tenant and Landlord under this Lease and will not be construed or interpreted in any way to restrict, limit or modify Tenant's or Landlord's waiver, indemnification and other obligations or to in any way limit Tenant's or Landlord's liability under this Lease. In addition to the requirements set forth in Section 8.1 and Section 8.2, the insurance required of Tenant and Landlord under this Article 8 must (a) be issued by an insurance company with a rating of no less than A-VIII in the current Best's Insurance Guide, or that is otherwise reasonably acceptable to Landlord as to Tenant's insurance or to Tenant as to Landlord's insurance, and admitted to engage in the business of insurance in the State of Texas; and (b) provide that insurance may not be canceled, nonrenewed or the subject of material change in coverage or available limits of coverage, except, in the case of Tenant's insurance, upon thirty (30) days' prior written notice to Landlord and any lender of Landlord as to which Tenant has been provided notice, and, in the case of Landlord's insurance, upon thirty (30) days' prior written notice to Tenant. Tenant and Landlord will each deliver to the other a certificate of insurance on all policies procured by Tenant or Landlord, as the case may be, in compliance with such party's obligations under this Lease, together with evidence of the payment of the premiums therefor, on or before the Lease Commencement Date, and at least thirty (30) days before the expiration date of any policy and upon the renewal of any policy. Landlord or Tenant may comply with its insurance coverage requirements through a blanket policy.

8.4 Waiver of Subrogation. Landlord and Tenant agree to cause the insurance companies issuing their respective property insurance policies to waive any subrogation rights that those companies may have against Tenant or Landlord. It is the intent of the parties that with respect to any loss from a

peril required to be covered by property insurance, the parties will look solely to their insurance companies for recovery. Landlord and Tenant will each deliver notice of this Section 8.4 to its insurance carriers.

8.5 Increase of Premiums. If Tenant's specific business operations, conduct or use of the Premises or any other part of the Project causes an increase in the premium for any insurance policy carried by Landlord, Tenant will, within ten (10) days after receipt of notice from Landlord, reimburse Landlord for the entire increase.

9. DAMAGE OR DESTRUCTION

9.1 Repair by Landlord. Tenant will immediately notify Landlord of fire or other casualty in the Premises. If the Premises are damaged by fire or other casualty and unless this Lease is terminated as hereinafter provided, Landlord will proceed with reasonable diligence to repair the so-called "shell" of the Premises and any leasehold improvements originally installed by Landlord. Landlord's obligation to repair is subject to (a) delays which may arise by reason of adjustment of loss under insurance policies, including, without limitation, Tenant's policy for leasehold improvements and betterments described in Section 8.1 of this Lease, and (b) other delays beyond Landlord's reasonable control. Landlord's obligation to repair will be limited to the extent of insurance proceeds actually available to Landlord for repairs after the election by the holder of any mortgage against the Building to apply a portion or all of the proceeds against the debt owing to such holder. Until Landlord's repairs to the Premises are completed, the Base Rent and additional rent will abate in proportion to the part of the Premises, if any, that is rendered untenantable.

9.2 Landlord's Rights Upon The Occurrence of Certain Casualties. In the event: (a) either the Premises or the Building (whether or not the Premises are affected) is totally or partially destroyed or damaged by fire or other casualty and repairs cannot be completed within two hundred seventy (270) days after the occurrence of such damage without the payment by Landlord of overtime or other premiums; (b) fifty percent (50%) or more of the Rentable Area of the Building (wherever located) is damaged or destroyed by fire or other casualty (whether or not the Premises are affected thereby); (c) damage is otherwise so great that Landlord, in Landlord's absolute discretion, decides to demolish the Building, in whole or in substantial part; (d) insurance proceeds remaining after payment of any proceeds required to be paid to the holder of any mortgage affecting the Project are insufficient to repair or restore the damage or destruction; (e) the Building or the Premises are damaged or destroyed as a result of any cause other than the perils covered by Landlord's property insurance; or (f) the Premises are materially damaged, in Landlord's judgment, by fire or other casualty during the last twenty-four (24) months of the Term; then Landlord may elect (i) to the extent of the insurance proceeds actually received by Landlord, to proceed to repair, restore or rebuild the Building or the Premises, in which event this Lease will continue in effect (subject to Tenant's right to terminate the Lease as set forth in Section 9.3), or (ii) to terminate this Lease (effective as of the event of destruction) upon thirty (30) days' prior notice to Tenant, which notice will be given, if at all, within sixty (60) days following the date of the occurrence of the destruction. In repairing or restoring the Building or any part thereof, Landlord may use designs, plans and specifications other than those used in the original construction of the Building, and the Landlord may alter or relocate, or both, any or all buildings, facilities and improvements, including the Premises, provided that the Premises as altered or relocated will be substantially the same size and will be in all material respects reasonably comparable to the Premises. Upon any such termination of this Lease, Tenant will surrender to Landlord the Premises and deliver to Landlord all proceeds from Tenant's insurance attributable to tenant improvements and other additions, improvements, and property items which Tenant has no right to remove. Tenant

will pay Base Rent and all other sums payable under this Lease prorated through the effective date of such termination and Landlord and Tenant will be free and discharged from all obligations under this Lease arising after the effective date of such termination, except those obligations expressly stated in this Lease to survive the termination of this Lease.

9.3 Tenant's Rights Upon The Occurrence of Certain Casualties. In the event that the Premises or any portion thereof is destroyed or damaged by fire or other casualty and repairs cannot be completed within two hundred seventy (270) days after the occurrence of such damage without the payment by Landlord of overtime or other premiums, then Tenant may elect to terminate this Lease (effective as of the event of destruction) upon thirty (30) days' prior notice to Landlord, which notice will be given, if at all, within sixty (60) days following the date of the occurrence of the destruction. Furthermore, in the event that this Lease remains in effect after destruction or damage to the Premises and Landlord fails to complete the repair of such destruction or damage in accordance with Section 9.1 within two hundred seventy (270) days after the occurrence of such destruction or damage (subject to extension by reason of the delays described in the third sentence of said Section 9.1) (the "Landlord Repair Period"), then Tenant may, as its sole and exclusive remedy, terminate this Lease (effective as of the expiration of the Landlord Repair Period) by sending written notice to Landlord, which notice will be given, if at all, within thirty (30) days after the expiration of the Landlord Repair Period.

9.4 Repairs by Tenant. Landlord will not be required to repair any injury or damage by fire or other cause, to restore or replace or to reimburse Tenant for damage to any of the Tenant's property or any leasehold improvements installed in the Premises by Tenant. Landlord's obligations to repair leasehold improvements originally installed by Landlord will be subject to, and limited to the extent of, receipt of adequate proceeds from Landlord's and/or Tenant's insurance under Sections 8.1(c) and 8.4. Tenant will be required to repair any injury or damage to the Premises or to the contents of the Premises which Landlord is not responsible for repairing. Except for abatement, if any, of Base Rent and additional rent in accordance with the provisions of this Lease, Tenant will not be entitled to any allowance, compensation or damages from Landlord for loss of use of all or any part of the Premises or

Tenant's property or for any inconvenience, annoyance, disturbance or loss or interruption of business, or otherwise, arising from any damage to the Premises or any other part of the Project by fire or any other cause, or arising from any repairs, reconstruction or restoration, nor will Tenant have the right to terminate this Lease except as specifically set forth in Section 9.3.

9.5 Determination or Period Required for Rebuilding. The determination of whether the repair of damage caused by fire or other casualty can be completed within the two hundred seventy (270) period referred to in Section 9.2 and Section 9.3 shall initially be made by Landlord, in Landlord's reasonable judgement, and notice of such determination shall be sent by Landlord to Tenant within twenty (20) days after the occurrence of such damage. Tenant shall be deemed to have accepted the determination made by Landlord unless Tenant sends written notice disputing such determination within ten (10) days after receiving notice of same. If Tenant timely objects to Landlord's determination, the parties shall, within ten (10) days thereafter, agree in good faith upon a mutually acceptable architect to make the determination of whether repair can be completed within the two hundred seventy (270) day period referred to in Section 9.2 and Section 9.3, which determination shall be made within ten (10) days

after the selection of such architect and shall be binding upon the parties.

10. EMINENT DOMAIN

10.1 Total Taking. If all of the Project is taken or appropriated for public or quasi-public use by right of eminent domain or transferred by agreement with such public or quasi-public agency, this Lease will terminate as of the date possession is taken by the condemning authority. If less than all of the Premises or Project is taken or appropriated but, in Landlord's reasonable judgment, the balance will be rendered untenantable, such taking will constitute a total taking for purposes of this Section 10.1. Landlord will notify Tenant of Landlord's decision that the remainder is untenantable within thirty (30) days of Landlord's receipt of notice of the taking or appropriation and this Lease will terminate as of the date possession is taken by the condemning authority.

10.2 Partial Taking. If only part of the Project (whether or not such part includes the Premises) is taken or appropriated by a public or quasi-public agency under the right of eminent domain or conveyed in agreement with a public or quasi-public agency (whether or not the Premises are affected thereby) and, (i) in Landlord's reasonable judgment, substantial alteration or reconstruction of the Project is necessary as a result of such taking or conveyance, or (ii) if Landlord decides to demolish or discontinue operating the Project as a result of such taking or conveyance, or (iii) twenty-five percent (25%) or more of the Rentable Area of the Building is so taken or conveyed or, in the reasonable judgment of Landlord, the Building is rendered untenable as a result, or (iv) proceeds from such taking or conveyance remaining after payment of any such proceeds required to be paid to the holder of any mortgage affecting the Project are insufficient to restore the Project and the Premises to an architectural whole, then, in any of such events, Landlord may, at Landlord's option, terminate this Lease by giving Tenant notice of termination within thirty (30) days after such taking or conveyance. In the event that the Premises or a portion thereof is taken or appropriated by a public or quasi-public agency under the right of eminent domain or conveyed in agreement with a public or quasi-public agency, then Tenant may, at Tenant's option, terminate this Lease by giving Landlord notice of termination within thirty (30) days after such taking or conveyance. In the event this Lease is not terminated, Landlord will, to the extent of proceeds actually received after the exercise by any mortgagee of the Project of an option to apply such proceeds against Landlord's debt to such mortgagee, restore the Project to an architectural whole.

10.3 Award. Any award for or proceeds from any partial or entire taking or conveyance to a public or quasi-public agency will be the property of Landlord, including, without limitation, any award or proceeds based on value of the leasehold interest of Tenant. Nothing contained in this Section 10.3 will be deemed to give Landlord any interest in or to preclude Tenant from seeking and recovering for Tenant's account a separate award from the condemning authority (but only to the extent such separate award does not reduce any award to Landlord) for the taking of personal property and fixtures removable by Tenant, for the interruption of or damage to Tenant's business or for Tenant's unamortized cost of leasehold improvements paid for by Tenant. In the event of a partial taking which does not result in a termination of this Lease, Base Rent and additional rent will be abated in the proportion which the Rentable Area of the Premises rendered unusable bears to the total Rentable Area of the Premises. No temporary taking of Tenant's Premises and/or of Tenant's rights therein or under this Lease will terminate this Lease or give Tenant any right to any abatement of Base Rent or additional rent under this Lease. Any award made to Tenant by reason of any temporary taking will belong entirely to Tenant and Landlord will not be entitled to share in such award.

11. ASSIGNMENT AND SUBLETTING

11.1 Consent. Tenant will not assign this Lease or sublet all or any
portion of the Premises without the prior written consent of the Landlord, which consent may be given or withheld in the sole discretion of Landlord. Notwithstanding the preceding sentence, however, Landlord shall not unreasonably withhold its consent to an assignment of this Lease or a subletting of the Premises during the last four (4) years of the Term. For purposes of the preceding sentence, in

determining whether to consent to a proposed assignment or subletting, Landlord will be deemed to be reasonable in taking into consideration, among other factors, (a) the credit standing and financial wherewithal of the proposed assignee or sublessee; (b) whether the use of the Premises by the proposed assignee or sublessee will be consistent with the operation of a first-class office building in the Plano, Texas area; and (c) whether the business or public image of the proposed assignee or sublessee is consistent with the family values promoted by Landlord (it being specifically agreed, without limitation, that Landlord shall be deemed to be acting reasonably if it withholds its consent to a proposed assignment or subletting to a person or entity engaged in a business related to tobacco products, alcoholic beverages or sexually explicit material). If consent to any assignment or subletting is given by Landlord, such consent will not relieve the Tenant or any guarantor of this Lease from any obligation or liability under this Lease. If this Lease is assigned or any part of the Premises is occupied by any person other than Tenant without the consent of Landlord, then Landlord may nevertheless collect Base Rent and additional rent from the assignee or occupant, and apply the net amount collected to the Base Rent and other amounts payable under this Lease, but in no event will such collection be construed as a waiver of this covenant.

11.2 Landlord's Option. If the Tenant desires to assign this Lease or
sublet all or part of the Premises, Tenant will notify Landlord at least sixty (60) days in advance of the date on which Tenant desires to make such assignment or enter into such sublease. Tenant will provide Landlord with a copy of the proposed assignment or sublease, and sufficient information concerning the proposed sublessee or assignee to allow Landlord to make informed judgments as to the financial condition, reputation, operations and general desirability of the proposed assignee or subtenant. Within fifteen (15) days after Landlord's receipt of Tenant's proposed assignment or sublease and all required information concerning the proposed subtenant(s) or assignee, Landlord will have the option to: (a) consent to the proposed assignment or sublease; or (b) subject to the provisions of Section 11.1, refuse to consent to the proposed assignment or
sublease but allow Tenant to continue in the search for an assignee or sublessee that will be acceptable to Landlord. If Landlord consents to a proposed assignment or subletting, and if the rent due and payable by any assignee or sublessee under any such permitted assignment or sublease (or a combination of the rent payable under such assignment or sublease plus any bonus or any other consideration for the assignment or sublease or any payment incident to the assignment or sublease) exceeds the rent payable under the Lease for such space, Tenant will pay to Landlord fifty percent (50%) of such excess rent and other excess consideration (net of brokerage commissions and all other out-of-pocket expenses incident to such assignment or subletting). If such excess rent or excess consideration is paid to Tenant in the form of rent pursuant to a sublease, Tenant shall pay Landlord's share thereof together with the installment of Base Rent next becoming due under this Lease; otherwise, Tenant shall pay Landlord's share of such excess rent or excess consideration to Landlord within five (5) days following Tenant's receipt thereof. If the Leasehold Improvements in the Premises must be altered in connection with a permitted assignment or subletting in order to comply with the Disabilities Act, same shall be performed without cost to Landlord, and Tenant shall submit plans and specifications for such alterations to Landlord for informational purposes; provided, however, that in no event shall any structural alterations be made without the prior written consent of Landlord.

11.3 Definition of Assignment. The use of the words "assignment", "subletting", "assign", or "assigned" or "sublet" in this Article 11 will include (a) the pledging, mortgaging or encumbering of Tenant's interest in this Lease, or the Premises or any part thereof; (b) the total or partial occupancy of all or any part of the Premises by any person, firm, partnership, or corporation, or any groups of persons, firms, partnerships, or corporations, or any combination thereof, other than Tenant; (c) an assignment or transfer by operation of law; and (d) if Tenant is a business entity, any sale, assignment or other transfer of the ownership interests in such entity that, singularly or in the aggregate, results in a change in the present effective voting control of Tenant; provided, however, that the foregoing clause (d) shall not be applicable to any corporation the stock of which is publicly traded on a United States stock exchange. Tenant shall deliver to Landlord copies of all documents executed in connection with any permitted assignment or sublease, which documents (i) in the case of a permitted assignment, shall require such assignee to assume performance of all terms of this Lease on Tenant's part to be performed, and (ii) in the case of a permitted subletting, shall require such sublessee to comply with all terms of this Lease on Tenant's part to be performed. In no event shall any assignment, sublease or transfer, whether or not with Landlord's consent, relieve Tenant of its primary liability under this Lease for the entire Term, and Tenant shall in no way be released from the full and complete performance of all the terms hereof. No acceptance by Landlord of any rent or any other sum of money from any assignee, sublessee or other category of transferee shall be deemed to constitute Landlord's consent to any assignment, sublease, or transfer.

12. DEFAULT; REMEDIES

12.1 Defaults by Tenant. The occurrence of any of the following will constitute a default under this Lease by Tenant: (a) any failure by Tenant to pay an installment of Base Rent or to make any other payment required under this Lease when due, where such failure continues for ten (10) days after notice by Landlord to Tenant, except that Landlord shall in no event be

required to give more than two (2) notices of a recurring failure during each calendar year; (b) any failure by Tenant to observe and perform any other provision of this Lease to be observed and performed by Tenant, where such failure continues for thirty (30) days after notice by Landlord to Tenant (provided, however, that if the cure of such act or omission requires, despite the use of diligent efforts, a period in excess of thirty (30) days, then such thirty (30) day period shall be extended for so long as Tenant pursues the cure thereof with reasonable diligence), except that Landlord shall in no event be required to give more than two (2) notices of a recurring failure during each calendar year; (c) Tenant's interest in this Lease or in all or a part of the Premises is taken by process of law directed against Tenant, or becomes subject to any attachment at the instance of any creditor of or claimant against Tenant, and such attachment is not discharged within ten (10) days; (d) Tenant: (i) is unable to pay such party's debts generally as they become due; (ii) makes an assignment of all or a substantial part of such party's property for the benefit of creditors; (iii) convenes or attends a meeting of such party's creditors, or any class thereof, for purposes of effecting a moratorium upon or extension or composition of such party's debts; (iv) applies for or consents to or acquiesces in the appointment of a receiver, trustee, liquidator, or custodian of such party or of all or a substantial part of such party's property or of the Premises or of Tenant's interest in this Lease; or (v) files a voluntary petition in bankruptcy or a petition or an answer seeking reorganization under the Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization or relief of debtors or an arrangement with creditors, or takes advantage of any insolvency law or files an answer admitting the material allegations of a petition filed against such party in any bankruptcy, relief, reorganization or insolvency proceedings; (e) Tenant takes any corporate action

to authorize any of the actions set forth in Section 12.1(d); or (f) the entry
of a court order, judgment or decree against Tenant, without the application, approval or consent of Tenant, approving a petition seeking reorganization of Tenant or relief of debtors under the Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization, or relief of debtors or granting an order for relief against it as debtor or appointing a receiver, trustee, liquidator, or custodian of such party or of all or a substantial part of Tenant's property or of the Premises or of Tenant's interest in this Lease, or adjudicating such party bankrupt or insolvent, and such order, judgment or decree will not be vacated, set aside or dismissed within ninety (90) days from the date of entry.

12.2 Remedies. Upon the occurrence of any event of default enumerated in Section 12.1, Landlord will have the option of (a) terminating this Lease by notice thereof to Tenant or (b) continuing this Lease in full force and effect and/or (c) performing the obligation of Tenant and/or (d) changing locks.

(a) Termination of Lease. In the event Landlord elects to terminate this Lease, upon notice to Tenant this Lease will end as to Tenant and all persons holding under Tenant, and all of Tenant's rights will be forfeited and lapsed, as fully as if this Lease had expired by lapse of time, and there will be recoverable from Tenant: (i) the cost of restoring the Premises to good condition, normal wear and tear excepted, (ii) all accrued, unpaid sums, plus Interest and late charges, if in arrears, under the terms of this Lease up to the date of termination, (iii) Landlord's reasonable costs of recovering possession of the Premises, and (iv) if Tenant remains in possession of the Premises subsequent to the date of termination, rent and other sums accruing subsequent to the date of termination pursuant to the holdover provisions of Section 2.3. The Landlord will at once have all the rights of re-entry upon the Premises, without becoming liable for damages, or guilty of a trespass.

(b) Continuation of Lease. In the event that Landlord elects to continue this Lease in full force and effect, Tenant will continue to be liable for all rents. Landlord will nevertheless have all the rights of re-entry upon the Premises without becoming liable for damages, or guilty of a trespass. Landlord, after re-entry, may relet all or a part of the Premises to a substitute tenant or tenants, for a period of time equal to or less or greater than the remainder of the Term on whatever terms and conditions Landlord, at Landlord's sole discretion, deems advisable. Against the rents and sums due from Tenant to Landlord during the remainder of the Term, credit will be given Tenant in the net amount of rent received from the new tenant after deduction by Landlord for: (i) the reasonable costs incurred by Landlord in releting the Premises (including, without limitation, remodeling costs, brokerage fees, and the like), (ii) the accrued sums, plus Interest and late charges if in arrears, under the terms of this Lease, (iii) Landlord's cost of recovering possession of the Premises, and (iv) if Landlord elects to store Tenant's property in accordance with Section 7.4, the cost of storing any of Tenant's property left on the Premises after re-entry. Notwithstanding any provision in this Section 12.2(b) to the contrary, upon the default of any substitute tenant or upon the expiration of the term of such substitute tenant before the expiration of the Term hereof, Landlord may, at Landlord's election, either relet to another substitute tenant, or terminate this Lease and exercise Landlord's rights under Section 12.2(a) of this Lease.

(c) Performance for Tenant. In the event that Landlord elects to perform the obligation(s) of Tenant, all reasonable sums expended by Landlord effecting such performance (including Administrative Reimbursement under Section

3.8), plus Interest thereon, will be due and payable with the next monthly installment of Base Rent. Such sum will constitute additional rental under this Lease, and failure to pay

such sums when due will enable Landlord to exercise all of Landlord's remedies under this Lease.

(d) Changing Locks. Additionally, without notice, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access to the Premises, and Landlord will not be required to provide a new key or rights of access to Tenant.

12.3 Mitigation of Damages; Remedies Cumulative. Upon the occurrence of an event of default by Tenant, Landlord shall use reasonable efforts to mitigate its damages. All rights and remedies of Landlord under this Lease will be nonexclusive of and in addition to any other remedies available to Landlord at law or in equity.

12.4 Default by Landlord. The failure of Landlord to observe and perform any provision of this Lease to be observed and performed by Landlord, where such failure continues for thirty (30) days after notice by Tenant to Landlord (provided, however, that if the cure of such failure requires, despite the use of diligent efforts, a period in excess of thirty (30) days, then such thirty (30) day period shall be extended for so long as Landlord pursues the cure thereof with reasonable diligence) shall constitute a default under this Lease by Landlord. Upon the occurrence of a default by Landlord, Tenant may pursue any remedy provided under this Lease or by law, subject to any provisions of this Lease limiting Tenant's remedies (including, without limitation, the provisions of Section 15.1). Without limiting the remedies otherwise conferred upon Tenant, if Landlord fails to perform a repair which it is obligated to perform under this Lease and such failure continues for fifteen (15) days after notice by Tenant to Landlord (provided, however, that if the cure of such failure requires, despite the use of diligent efforts, a period in excess of fifteen (15) days, then such fifteen (15) day period shall be extended for so long as Landlord pursues the cure thereof with reasonable diligence), then Tenant shall have the right (but not the obligation) to perform such repair on Landlord's behalf and any reasonable amount which Tenant spends in performing such repair shall be repaid by Landlord within thirty (30) days after delivery to Landlord of a copy of the invoice for such repair together with proof of payment thereof.

12.5 Attorneys' Fees. If legal action is necessary in order to enforce or interpret this Lease, the prevailing party will be entitled to reasonable attorneys' fees, costs and disbursements in addition to any other relief to which such party is entitled.

12.6 Waiver. No covenant, term or condition or the breach thereof will be deemed waived, except by written consent of the party against whom the waiver is claimed and any waiver of the breach of any covenant, term or condition will not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same was due will not constitute a waiver by Landlord of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Landlord in writing.

12.7 Force Majeure. Whenever a period of time is herein prescribed for the

taking of any action by either Landlord or Tenant (other than the payment obligations of Landlord or Tenant hereunder), the performing party shall not be liable or responsible for, and there shall be excluded from the computation of such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions, or any act, omission, delay, or neglect of the other party or any employees or agents of the other party, or any other cause whatsoever beyond the control of the performing party.

13. ESTOPPEL CERTIFICATES

13.1 Acknowledgment of Commencement Date. Upon tender of possession of the Premises to the Tenant and as often thereafter as may be reasonably requested by Landlord, Tenant will, within twenty (20) days after receipt of a request from Landlord, execute, acknowledge and deliver to Landlord a statement will (a) set forth the actual Commencement Date and Expiration Date of the Term, and (b) contain acknowledgments that Tenant has accepted the Premises and that the Premises and Building are satisfactory in all respects.

13.2 Certificates. Tenant will, within twenty (20) days after receipt of a request from Landlord or any mortgagee of Landlord, execute, acknowledge and deliver to Landlord or such mortgagee either a statement in writing or three party agreement among Landlord, Tenant and such mortgagee (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which Base Rent and other charges are paid in advance, if any; (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord under this Lease, or specifying such defaults if any are claimed, and (c) specifying any further information and agreeing to such notice provisions and other matters reasonably requested by Landlord or such mortgagee. Any such statement may be conclusively relied upon by a prospective purchaser or mortgagee of the Premises. Tenant's failure to deliver such statement within twenty (20) days will constitute a default under this Lease.

13.3 Financial Statements. Unless Tenant is a corporation the stock of which is publicly traded on a United States stock exchange (in which case the provisions of this Section 13.3 shall not be applicable), Landlord will have the

right to request financial statements from Tenant for purposes of selling, financing or refinancing the Building. Tenant will, within ten (10) days after receipt of a request from Landlord setting forth the purposes for which such financial statement will be used, deliver to Landlord a current financial statement certified by Tenant's chief financial officer to be true and correct and to fairly express Tenant's current financial condition. All such financial statements will be received by Landlord in confidence and used only for the purpose set forth in the request.

14. SUBORDINATION AND ATTORNMENT

14.1 Subordination. This Lease is subject and subordinate to, in addition to matters currently of record: (a) all applicable ordinances of any governmental authority having jurisdiction over the Project, relating to easements, franchises, and other interests or rights upon, across, or appurtenant to the Project; (b) restrictive covenants affecting the Project, as same may be amended; and (c) all utility easements and agreements, now or hereafter created for the benefit of the Project.

14.2 Successor Landlord. Upon demand, Tenant shall execute, acknowledge, and deliver to Landlord and any proposed mortgagee of the Building a Subordination, Non-Disturbance and Attornment Agreement in the form of Exhibit E attached hereto and made a part hereof.

15. LANDLORD'S INTEREST

15.1 Liability of Landlord. If Landlord defaults under this Lease and, if as a consequence of such default, Tenant recovers a money judgment against Landlord, such judgment will be satisfied only out of the right, title and interest of Landlord in the Project and Landlord will not be liable for any deficiency. In no event will Tenant have the right to levy execution against any property of Landlord or Landlord's partners other than Landlord's interest in the Project. In no event will Landlord be liable to Tenant for consequential or special damages.

15.2 Sale of Project. The term "Landlord" will mean only the owner at the time in question of the fee title or a tenant's interest in a ground lease of the Project, provided that the successor to Landlord assumes the obligations of Landlord under this Lease. The obligations contained in this Lease to be performed by Landlord will be binding on Landlord and Landlord's successors and assigns only as to their respective periods of ownership. In the event of a sale of the Project or assignment of this Lease by Landlord, Landlord will have the right to transfer the Security Deposit to Landlord's vendee or assignee, subject to Tenant's rights therein, and Landlord will thereafter be released from any liability to Tenant with respect to the return of the Security Deposit to Tenant. In the event of a sale of the Project or assignment of this Lease by Landlord, the purchaser of the Project or the assignee of this Lease, as the case may be, shall be deemed to have assumed the obligations of Landlord hereunder during its period of ownership.

16. NOTICES

Wherever in this Lease it is required or permitted that a request, notice or demand be given or served or consent be obtained by either party to, on, or from the other, such request, notice, demand, or consent must be in writing and (a) personally delivered, or (b) mailed by certified or registered United States mail, postage prepaid, or (c) sent by Federal Express Corporation or other nationally recognized overnight carrier for next day delivery, to the addresses of the parties specified in the Basic Lease Provisions. Any notice which is mailed shall be deemed to have been given on the date of receipt thereof, and any notice sent by overnight courier will be deemed to have been given on the regular business day next following the date of deposit of such notice in a depository of the overnight courier. Either party may change such address by notice to the other. Base Rent and other charges will be paid to Landlord at Landlord's address as set forth in the Basic Lease Provisions, or as changed pursuant to a notice delivered to Tenant in the manner specified above.

17. BROKERS

Each of Landlord and Tenant represents and warrants that it has had no dealings with any broker or agent in connection with the negotiation or execution of this Lease.

18. INDEMNITIES AND WAIVERS

18.1 INDEMNITIES BY TENANT. To the fullest extent permitted by law, and except to the extent caused by the willful or negligent acts of any Landlord Party, Tenant will, at Tenant's sole cost and expense, Indemnify Landlord

Parties against all Claims arising from (a) any Personal Injury, Bodily Injury or Property Damage whatsoever occurring in or at the Premises, except for such Claims asserted by an employee of a Landlord Party arising out of and in the course of employment of such employee; (b) all Claims arising from any Bodily Injury to an employee of a Tenant Party arising out of and in the course of employment of the employee and occurring anywhere in the Project; (c) any liens or encumbrances arising out of any work performed or materials furnished by or for Tenant; or (d) commissions or other compensation or charges claimed by any real estate broker or agent with respect to this Lease by, through, or under Tenant.

18.2 INDEMNITIES BY LANDLORD. To the fullest extent permitted by law (but subject to the limitations on Landlord's liability set forth in Section 15.1), and except to the extent caused by the willful or negligent acts of any Tenant

Party, Landlord will, at Landlord's sole cost and expense, Indemnify Tenant Parties against all Claims arising from (a) any Personal Injury, Bodily Injury or Property Damage whatsoever occurring in the Common Areas, except for such Claims asserted by an employee of a Tenant Party arising out of and in the course of employment of such employee; (b) any Bodily Injury to an employee of a Landlord Party arising out of and in the course of employment of the employee and occurring anywhere in the Project; (c) any liens or encumbrances against any Tenant Party or its property arising out of any work performed or materials furnished by or for Landlord; or (d) commissions or other compensation or charges claimed by any real estate broker or agent with respect to this Lease by, through, or under Landlord.

18.3 WAIVERS BY TENANT. Tenant, on behalf of all Tenant Parties, waives all claims against Landlord Parties arising from the following: (a) any Personal Injury, Bodily Injury, or Property Damage to any Tenant Party resulting from interruption or stoppage of utility services (subject to Tenant's rights under Section 5.4) or caused by the other lessees of the Project, parties not occupying space in the Project, occupants of property adjacent to the Project, or the public or by the construction of any private, public, or quasi-public work occurring either in the Premises or elsewhere in the Project; or (b) any Bodily Injury to an employee of a Tenant Party arising out of and in the course of employment of the employee and occurring anywhere in the Project.

18.4 WAIVERS BY LANDLORD. Landlord, on behalf of all Landlord Parties, waives all claims against Tenant Parties arising from the following: (a) any Personal Injury, Bodily Injury, or Property Damage to any Landlord Party resulting from interruption or stoppage of utility services or caused by lessees of the Project other than Tenant, parties not occupying space in the Project, occupants of property adjacent to the Project, or the public or by the construction of any private, public or quasi-public work occurring either in the Premises or elsewhere in the Project; or (b) Bodily Injury to an employee of a Landlord Party arising out of and in the course of employment of the employee and occurring anywhere in the Project.

18.5 DEFINITIONS. For purposes of the foregoing provisions of this Article 18: (a) the term "Tenant Parties" means Tenant, and Tenant's officers, members, partners, agents, employees, sublessees, licensees, invitees and independent contractors, and all persons and entities claiming through any of these persons or entities; (b) the term "Landlord Parties" means Landlord and the partners, venturers, trustees and ancillary trustees of Landlord and the respective officers, directors, shareholders, members, parents, subsidiaries and any other affiliated entities, personal representatives, executors, heirs, assigns, licensees, invitees, beneficiaries, agents, servants, employees and independent

contractors of these persons or entities; (c) the term "Indemnify" means indemnify, defend (with counsel reasonably acceptable to the indemnified party) and hold free and harmless from and against; (d) the term "Claims" means all liabilities, claims, damages (including consequential damages), losses, penalties, litigation, demands, causes of action (whether in tort or contract, in law or at equity or otherwise), suits, proceedings, judgments, disbursements, charges, assessments, and expenses (including attorneys' and experts' fees and expenses and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding); (e) the term "Waives" means that the waiving party waives and knowingly and voluntarily assumes the risk of; and (f) the terms "Bodily Injury", "Personal Injury" and "Property Damage" will have the same meanings as in the form of commercial general insurance policy issued by Insurance Services Office, Inc. most recently prior to the date of the injury or loss in question.

18.6 SCOPE OF WAIVERS. The waivers contained in Section 18.3 and Section 18.4 will apply regardless of the active or passive negligence or sole, joint, concurrent, or comparative negligence of any of the Landlord Parties or Tenant Parties, as the case may be.

18.7 OBLIGATIONS INDEPENDENT OF INSURANCE. The indemnification provided in Section 18.1 may not be construed or interpreted as in any way restricting, limiting or modifying Tenant's insurance or other obligations under this Lease, and the provisions of Section 18.1 are independent of Tenant's insurance and other obligations. Tenant's compliance with the insurance requirements and other obligations under this Lease does not in any way restrict, limit or modify Tenant's indemnification obligations under this Lease. Conversely, The indemnification provided in Section 18.2 may not be construed or interpreted as in any way restricting, limiting or modifying Landlord's insurance or other obligations under this Lease, and the provisions of Section 18.2 are independent of Landlord's insurance and other obligations. Landlord's compliance with the insurance requirements and other obligations under this Lease does not in any way restrict, limit or modify Landlord's indemnification obligations under this Lease.

18.8 SURVIVAL. The provisions of this Article 18 will survive the expiration or earlier termination of this Lease until all claims against Landlord Parties involving any of the indemnified or waived matters are fully and finally barred by the applicable statutes of limitations.

18.9 DUTY TO DEFEND. The duty of an indemnifying party to defend is separate and independent of such party's duty to Indemnify. The duty of an indemnifying party to defend includes Claims for which the indemnified party may be liable without fault or may be strictly liable. The duty of an indemnifying party to defend applies regardless of whether the issues of negligence, liability, fault, default or other obligation on the part of the indemnifying party have been determined. The duty of an

indemnifying party to defend applies immediately, regardless of whether the indemnified party has paid any sums or incurred any detriment arising out of or relating, directly or indirectly, to any Claims. It is the express intention of Landlord and Tenant that the indemnified party will be entitled to obtain summary adjudication regarding the indemnifying party's duty to defend the indemnified party at any stage of any Claim within the scope of this Article 18.

19. PARKING

19.1 Parking Spaces. Landlord hereby grants to Tenant and persons designated by Tenant ("Tenant's Designated Parkers") a license to use the number of reserved parking spaces set forth in Paragraph 12 of the Basic Lease Provisions in that certain parking structure constructed on the Land ("Garage"), subject to payment of the charge therefor set forth in Paragraph 12 of the Basic Lease Provisions. Prior to the Commencement Date, Landlord and Tenant shall agree in good faith upon the location of the reserved parking spaces to be allocated to Tenant's Designated Parkers as of the Commencement Date, it being understood and agreed that such reserved parking spaces shall be contiguous parking spaces located on the second or third level of the Parking Garage and shall be reasonably convenient to the entrances to the Building. Landlord shall have the right, upon thirty (30) days' written notice to Tenant, to relocate such reserved spaces, provided that such reserved spaces shall remain contiguous parking spaces located on the second or third level of the Parking Garage and shall be reasonably convenient to the entrances to the Building. The term of such license will commence on the Commencement Date and will continue until the earliest to occur of the Expiration Date, termination of the Lease, or Tenant's abandonment of the Premises. During the term of this license, Tenant will pay Landlord the monthly charge for such reserved spaces in the Garage in advance, with Tenant's payment of each monthly installment of Base Rent. No deductions from the monthly charge will be made for days on which the Garage are not used by Tenant. However, Tenant may reduce the number of parking spaces hereunder (whether reserved or unreserved), at any time, by providing at least thirty (30) days' advance written notice to Landlord, accompanied by any key-card, sticker or other identification or entrance system provided by Landlord or its parking contractor. Tenant's reduction of the number of parking spaces will be irrevocable. The remaining parking spaces which Tenant shall have a license to use pursuant to Paragraph 12 of the Basic Lease Provisions shall be unreserved (as determined by Landlord from time to time) parking spaces in the Garage and in the surface parking lot located on the north side of the Building, it being understood and agreed that Tenant's use of such parking spaces shall be on a non-exclusive basis.

19.2 Control of Parking. Landlord reserves the right from time to time to adopt, modify and enforce reasonable rules governing the use of the Garage, including any key-card, sticker or other identification or entrance system, and hours of operation. Landlord may refuse to permit any person who violates such rules to park in the Garage. Except for paid reserved spaces specified in Paragraph 12 of the Basic Lease Provisions, the parking spaces hereunder will be provided on an unreserved "first-come, first-served" basis. Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, handicapped persons and for other lessees, guests of other lessees, or other parties, and Tenant and Tenant's Designated Parkers will not park in any such assigned or reserved spaces. Landlord also reserves the right to close all or any portion of the Garage in order to make repairs or perform maintenance services, or to alter, modify, restripe or renovate the Garage, or if required by casualty, strike, condemnation, act of God, governmental law or requirement or other reason beyond Landlord's reasonable control.

19.3 Landlord's Liability. If, for any reason beyond Landlord's reasonable control, Tenant, or Tenant's Designated Parkers, are denied access to the Garage and Tenant or such persons have complied with this Section 19, Landlord's liability will be limited to parking charges (excluding tickets for parking violations) incurred by Tenant or such persons in utilizing alternative parking, which amount Landlord will pay upon presentation of documentation supporting Tenant's claims in connection therewith.

19.4 Remedies for Parking Violations. If Tenant or any of its designated

parkers violate the rules applicable to the parking areas, Landlord will have the right to remove from the Garage any vehicles which are involved or are owned or driven by parties involved in the violation.

20. HAZARDOUS SUBSTANCES; REPRESENTATIONS

20.1 Tenant' Operations. The term "Hazardous Substances", as used in this Lease will mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the removal of which is required or the use of which is regulated, restricted, prohibited or penalized by any Environmental Law. Tenant hereby agrees that (i) no activity will be conducted on the Premises that will produce any Hazardous Substances, except for such activities that are part of the ordinary course of Tenant's business activities ("Permitted Activities") provided the Permitted Activities are conducted in accordance with all Environmental Laws; (ii) the Premises will not be used in any manner for the storage of any Hazardous Substances except for any temporary storage of such materials

that are used in the ordinary course of Tenant's business ("Permitted Materials"), provided such Permitted Materials are properly stored in a manner and location meeting all Environmental Laws; (iii) Tenant will not permit any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials, and if so brought or found thereon, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. If any Hazardous Substance is discovered outside the Premises and such Hazardous Substance was brought into the Building or parking areas by Tenant or Tenant's employees or contractors, Tenant, at Tenant's sole cost and expense, will immediately take such action as is necessary to detain the spread of and remove the Hazardous Substance to the satisfaction of Landlord.

20.2 Representation by Landlord. Landlord represents that, to the best of Landlord's knowledge, as of the date of this Lease the Project is in compliance with all currently applicable laws, rules and regulations, including, but not limited to, environmental laws and the Americans with Disabilities Act. Landlord also represents that the mechanical systems in the Building are "Year 2000 Compliant" (i.e., the computer applications in such systems have the ability to recognize correctly and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999).

21. INTERPRETATIVE

21.1 Captions. The captions of the Articles and Sections of this Lease are for convenience only and will not affect the interpretation or construction of any provision of this Lease.

21.2 Section Numbers. All references to section numbers contained in the Basic Lease Provisions, the General Lease Provisions, Exhibit C or the Work Letter, if any, are to sections in the General Lease Provisions, unless expressly provided to the contrary.

21.3 Attachments. Exhibits, addenda, schedules and riders attached hereto and listed in the Basic Lease Provisions (and no other exhibits, addendums, schedules and riders) are deemed by attachment to constitute part of this Lease and are incorporated into this Lease.

21.4 Number, Gender, Defined Terms. The words "Landlord" and "Tenant", as used in this Lease, will include the plural as well as the singular. Words used in the neuter gender include the masculine and feminine and words in the masculine or feminine gender include the other and the neuter. If more than one person or entity constitutes Tenant, the obligations under this Lease imposed upon Tenant will be joint and several.

21.5 Entire Agreement. This Lease, including any exhibits and attachments hereto listed in the Basic Lease Provisions, constitutes the entire agreement between Landlord and Tenant relative to the Premises. Landlord and Tenant agree hereby that all prior or contemporaneous oral and written agreements between and among themselves or their agents, including any leasing agent, and representatives relative to the leasing of the Premises are merged in or revoked by this Lease.

21.6 Amendment. This Lease and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant.

21.7 Severability. If any term or provision of this Lease is, to any extent, determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease will not be affected thereby, and each remaining term and provision of this Lease will be valid and be enforceable to the fullest extent permitted by law.

21.8 Time of Essence. Time is of the essence of this Lease and each and every provision of this Lease.

21.9 Best Efforts. Whenever in this Lease or the Work Letter, if any, there is imposed upon either party the obligation to use the best efforts of a party or reasonable efforts or diligence, such party will be required to exert such efforts or diligence only to the extent the same are economically feasible and will not impose upon such party extraordinary financial or other burdens.

21.10 Binding Effect. Subject to any provisions of this Lease restricting assignment or subletting by Tenant and releasing Landlord upon sale of the Building, all of the provisions of this Lease will bind and inure to the benefit of the parties to this Lease and their respective heirs, legal representatives, successors and assigns.

21.11 Subtenancies. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, will not work a merger of estates and will, at the option of Landlord, operate as an assignment to Landlord of any or all subleases or subtenancies.

21.12 No Reservation. Submission by Landlord of this instrument to Tenant for examination or signature does not constitute a reservation of or option for lease. This Lease will be effective as a lease or otherwise only upon execution and delivery by both Landlord and Tenant.

21.13 Consents. If Tenant requests Landlord's consent under any provision of this Lease and Landlord fails or refuses to give such consent, Tenant's sole remedy will be an action for specific performance or injunction.

21.14 Choice of Law. This Lease will be construed under, governed by and enforced in accordance with the laws of the State of Texas.

21.15. Non-Merger. There shall be no merger of this Lease with any ground leasehold interest or the fee estate in the Project or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Lease or any interest in this Lease as well as any ground leasehold interest or fee estate in the Project or any interest in such fee estate.

21.16. Representations of Landlord. Except as expressly set forth in this Lease, neither Landlord nor Landlord's agents or brokers have made any representations or promises with respect to the Premises, the Building, or any other part of the Project. Unless otherwise expressly provided in this Lease, to the extent permitted by applicable law, Landlord and Tenant expressly disclaim any implied warranty that the Premises are suitable for Tenant's intended commercial purpose.

21.17. Jointly Prepared Document. Should any provision of this Lease require judicial interpretation, Landlord and Tenant hereby agree and stipulate that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of any rule or conclusion that a document should be construed more strictly against the party who itself or through its agents prepared the same, it being agreed that all parties hereto have participated in the preparation of this Lease and that each party had full opportunity to consult legal counsel of its choice before the execution of this Lease.

21.18. Waiver of Trial by Jury. Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either party hereto in respect of any matter arising out of or in any way connected with this Lease or Tenant's use or occupancy of the Premises. Under no circumstances whatsoever shall Landlord or Tenant be liable to the other for consequential damages or special damages.

21.19 Independent Covenants. The obligations of Tenant to pay rent hereunder is not dependent upon the condition of the Premises or the performance by Landlord of its obligations hereunder, and, except as otherwise expressly provided herein, Tenant shall continue to pay rent, without abatement, setoff, or deduction notwithstanding any claim that Landlord has breached its obligations hereunder. Tenant waives and relinquishes all rights which Tenant may have (including specifically, without limitation, all rights under Section 91.004 of the Texas Property Code) to claim any lien against any property of Landlord or to withhold, deduct or offset rent hereunder.

21.20 Execution on Behalf of Tenant. The parties have agreed that The Coca-Cola Company, a Delaware corporation, is the Tenant hereunder, and the person executing this Lease on behalf of Tenant, by his execution hereof, represents to Landlord that he has the authority to bind such Tenant to the terms of this Lease.

21.21 Quiet Enjoyment. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, so long as Tenant is paying the rent due under this Lease as same becomes due and is performing its other covenants and agreements set forth herein, shall peaceably and quietly have, hold and enjoy the Premises for the Term, subject to the terms and provisions of this Lease.

21.22 Beverage Exclusivity. Landlord agrees that so long as (a) this Lease

remains in effect, and (b) Cinemark USA, Inc. and Tenant have a contractual arrangement whereby Cinemark USA, Inc. serves the products of Tenant in the movie theaters operated by Cinemark USA, Inc., the only carbonated beverages that shall be sold in the Building will be the products of The Coca-Cola Company and Dr Pepper (including Diet Dr Pepper). It is expressly agreed that the preceding sentence shall not be applicable to non-carbonated beverages or to other beverages such as water, dairy products, fruit juices, tea, coffee and the like.

21.23 Conflict with Rules and Regulations. In the event of any conflict between the terms of this Lease (including the exhibits hereto other than the exhibit containing the Rules and Regulations) and the Rules and Regulations, the terms of this Lease shall govern.

21.24 Press Releases. Neither Landlord nor Tenant (nor any broker retained by Landlord or Tenant) shall issue a press release or announcement to the public with respect to this Lease unless the approval thereof by the other party to this Lease has been obtained.

21.25 Storage Space. Landlord and Tenant will endeavor in good faith to agree upon terms whereby Landlord will provide to Tenant, at a fair rental for storage space of the same type in the Dallas/Plano area, up to 2,000 square feet of storage space at a location outside the Project.

RIDER 3

TO OFFICE LEASE AGREEMENT
BETWEEN
CINEMARK USA, INC.
AND
THE COCA-COLA COMPANY

RENEWAL OPTION

Provided no default by Tenant exists and Tenant is occupying the entire Premises at the time of such election, Tenant may renew this Lease for one (1) additional period of five (5) years on the same terms provided in this Lease (except as set forth below), by delivering written notice of the exercise thereof to Landlord not later than one hundred eighty (180) days before the expiration of the Term. Tenant shall notify Landlord of whether it is interested in renewing the Term (the "Interest Notice") at least two hundred forty (240) days before the expiration of the Term. Within thirty (30) days after the Interest Notice has been delivered to Landlord, Landlord shall notify Tenant of the Base Rent which shall be payable for each month during the renewal Term (the "Rental Notice"). Landlord's calculation of such Base Rent shall be based on the prevailing rental rates in the Building for space of similar quality, size, utility, the location of the Premises, the amount of any allowance provided to Tenant by Landlord, the length of the renewal Term and the credit standing of Tenant. Tenant shall notify Landlord whether it intends to renew the Term by delivering written notice thereof to Landlord not later than thirty (30) days after Landlord has delivered to Tenant the Rental Notice.

On or before the commencement date of the renewal term, Landlord and Tenant shall execute an amendment to this Lease extending the term hereof on the same terms provided in this Lease, except as follows:

(a) The Base Rent payable for each month during each such extended term shall be the rent specified in the Rental Notice;

(b) Tenant shall have no further renewal options unless

expressly granted by Landlord in writing; and

(c) Landlord shall lease to Tenant the Premises in their 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 under this Rider shall terminate if (i) this Lease or Tenant's right to possession of the Premises is terminated, (ii) Tenant assigns any of its interest in this Lease or sublets any portion of the Premises, or (iii) Tenant fails to timely exercise its option under this Rider, time being of the essence with respect to Tenant's exercise thereof.

EXHIBIT C

OPERATING COST COMPUTATION

1. Operating Cost Exclusions. The following are, without limitation, examples of costs that, notwithstanding anything to the contrary set forth in this Lease (including Section 2 of this Exhibit C), shall be excluded from the computation of Operating Costs:

(a) leasing commissions, attorneys' fees, costs and disbursement and other expenses incurred in connection with leasing, renovating or improving space for tenants or prospective tenants of the Project;

(b) costs incurred by Landlord in the discharge of its obligations under the Work Letter;

(c) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants or vacant space;

(d) Landlord's costs of any services sold to tenants for which Landlord is entitled to be reimbursed by such tenants as an additional charge or rental over and above the Base Rent and Operating Costs payable under the lease with such tenant or other occupant;

(e) any depreciation and amortization on the Project except as expressly permitted herein;

(f) costs incurred due to violation by Landlord of any of the terms and conditions of this Lease or any other lease relating to the Project;

(g) interest on debt or amortization payments on any mortgages or deeds of trust or any other debt for borrowed money;

(h) all items and services for which Tenant reimburses Landlord outside of Operating Costs or pays third persons or which Landlord provides selectively to one or more tenants or occupants of the Project (other than Tenant) without reimbursement;

(i) advertising and promotional expenditures;

(j) repairs or other work occasioned by fire, windstorm or other casualty, or by condemnation, or other work paid for through insurance or condemnation proceeds;

(k) repairs resulting from any defect in the original design or construction of the Project;

(l) amortization of the costs of improvements to the Project which are capital in nature, except to the extent set forth in Section 2(p) of this

(m) federal, state and local income taxes, inheritance taxes, estate taxes, gift taxes and franchise taxes paid by Landlord;

(n) rents paid under any ground lease in respect of the Land or the Building;

(o) any interest, fines, penalties and related expenses (including attorneys' fees) incurred by Landlord as a result of (i) Landlord's violation of any governmental rule, statute or authority (including specifically, without limitation, the failure of Landlord to pay timely real estate taxes or assessments in respect of the Project), (ii) default by Landlord under any mortgage encumbering the Project, or (iii) default by Landlord under this Lease;

(p) losses of rent, bad debts or any damages or settlements paid to any other tenant, prospective tenant or occupant of the Building; or

(q) costs representing an amount paid to an affiliate of Landlord which is in excess of the amount which would have been paid in the absence of such relationship;

(r) costs incurred to test, survey, clean up, contain, abate, remove or otherwise remedy any Hazardous Substances from the Project placed thereon by Landlord.

2. Operating Cost Examples. The following are, without limitation, examples of costs included within the computation of Operating Costs:

(a) garbage and waste disposal;

(b) janitorial service and window cleaning for the Project (including materials, supplies, light bulbs and ballasts standard to the Building, equipment and tools therefor and rental and depreciation costs related to any of the foregoing) or contracts with third parties to provide same;

(c) security;

(d) insurance premiums (including, without limitation, property, rental value, liability and any other types of insurance carried by Landlord with respect to the Project, the costs of which may include an allocation of a portion of the premium of a blanket insurance policy maintained by Landlord);

(e) business or excise taxes payable on account of Landlord's ownership or operation of the Project (including, without limitation, any state tax imposed upon Landlord as a substitute in whole or in part for, or in addition to, real property taxes assessed against the Premises as of the date of this Lease);

(f) real estate taxes, assessments, excises, and any other governmental levies and charges of every kind and nature whatsoever, general and special, extraordinary and ordinary, foreseen and unforeseen, which may during the Term be levied or assessed against, or arising in connection with the use, occupancy, operation or possession of, the Project, or any part thereof, or substituted, in whole or in part, for a real estate tax, assessment, excise or governmental charge or levy previously in existence, by any authority having the direct or indirect power to tax, including interest on installment payments and all costs and fees (including attorneys' fees) incurred by Landlord in contesting or negotiating with taxing authorities as to same; provided, however, that Landlord will pay all such taxes and assessments over the longest period of time permitted by the applicable taxing authority;

(g) water and sewer charges and any add-ons;

(h) operation, maintenance, and repair (to include replacement of components) of the Project, including but not limited to all floor, wall and window coverings and personal property in the Common Areas, Building systems such as heat, ventilation and air conditioning system, elevators, escalators, and all other mechanical or electrical systems serving the Building and the Common Areas and Service Areas and service agreements for all such systems and equipment;

(i) charges for any easement maintained for the benefit of the Project;

(j) license, permit and inspection fees;

(k) compliance with any fire safety or other governmental rules, regulations, laws, statutes, ordinances or requirements imposed by any governmental authority or insurance company with respect to the Project during the Term hereof;

(l) wages, salaries, employee benefits and taxes (or an allocation of the foregoing) for personnel working full or part time in connection with the operation, maintenance and management of the Project;

(m) accounting and legal services (but excluding legal services in connection with negotiations and disputes with specific tenants unless the matter involved affects all tenants of the Project);

(n) administrative and management fees for the Project and Landlord's overhead expenses directly attributable to Project management;

(o) indoor or outdoor landscaping;

(p) depreciation (or amortization) of Required Capital Improvements and Cost Savings Improvements. "Required Capital Improvements" will mean capital improvements or replacements made in or to the Building in order to conform to any future law, ordinance, rule, regulation or order of any governmental authority not existing as of the date of this Lease having jurisdiction over the Project, including, without limitations, The Disabilities Acts. "Cost Savings Improvements" will mean any capital improvements or replacements which are intended to reduce, stabilize or limit increases in Operating Costs. The cost of Required Capital Improvements, Cost Savings Improvements and depreciable (or amortizable) maintenance and repair items (e.g., painting of Common Areas, replacement of carpet in elevator lobbies), will be amortized over the useful life of the applicable item in accordance with generally accepted accounting principles.

(q) expenses and fees (including attorneys' fees) incurred contesting of the validity or applicability of any governmental enactments which may affect Operating Costs.

3. Landlord will credit against Operating Costs any refunds received as a result of tax contests, after deduction for Landlord's costs in connection with same.

4. The foregoing provisions of this Exhibit C will not be deemed to require Landlord to furnish or cause to be furnished any service or facility not otherwise required to be furnished by Landlord pursuant to the provisions of this Lease, although Landlord, in Landlord's absolute discretion, may choose to do so from time to time.

EXHIBIT 10.41

AGREEMENT FOR THE PURCHASE AND SALE OF PROPERTY

FOR THE METRIS BUILDING

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 14th day of July, 1999, by and between MERIDIAN TULSA L.L.C., an Oklahoma limited liability company ("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 Tulsa, Oklahoma, containing approximately 14.641 acres, having an address of 4848 South 129 th East Avenue, 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 to the extent owned by Seller, 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 two story building containing approximately 100,000 square feet of leasable space, the parking areas containing approximately 700 parking spaces and other amenities to be constructed on the Land and owned by Seller, and all apparatus, built-in appliances, equipment, pumps, machinery, plumbing, heating, air conditioning, electrical and other fixtures relating thereto (all of which are

herein collectively referred to as the "Improvements"); and

(d) all personal property now owned by Seller and located on or to be located on or in, 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 (the "Lease") with METRIS DIRECT, INC.("Tenant"),dated March 3, 1999; 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; and

(g) all of Seller's right, title and interest in and to the contracts described on Exhibit "B" hereto (the "Contracts"), to the extent the same survive Closing or require performance after Closing.

2. Earnest Money. Within two (2) business days after the full execution of this Agreement, Purchaser shall deliver to American Guaranty Title Company ("Escrow Agent"), whose offices are at 4040 North Tulsa, Oklahoma City, Oklahoma 73112, ph: #(405)942-4848, 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 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.

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 TWELVE MILLION SEVEN HUNDRED THOUSAND AND 00/100 DOLLARS ($12,700,000.00). The Purchase Price shall be paid by Purchaser to Seller at the Closing (as hereinafter defined) 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.

4. Purchaser's Inspection and Review Rights. Subject to the rights of the Tenant (as hereinafter defined), 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 provided Landlord's construction activities are in no manner impaired by Purchaser. 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, building inspection reports and environmental reports relating thereto and in the possession or under the control of Seller.

5. Special Condition to Closing. Purchaser shall have thirty (30) days from the effective date 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. 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) 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 7 and 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 pursuant to such Title Commitment.

(d) Purchaser shall have received the Final Tenant Estoppel Certificate (as elsewhere defined herein),duly executed by the Tenant (as hereinafter defined) at least five (5) days prior to the date of Closing.

(e) Intentionally Omitted.

(f) Seller shall have caused the Lease to be amended so that Sections 35 and 37 shall have been deleted therefrom.

(g) Seller shall have caused the Architect to execute and deliver to Purchaser, its certificate setting forth the number of rentable square feet in the building and stating that the Improvements have been substantially completed in accordance with the Plans and Specifications and comply with all applicable zoning laws, ordinances and regulations.

(h) Seller shall have delivered to Purchaser the certificate of the applicable governing authority stating the

zoning classification of the Property and that the Improvements constructed on the Property are in compliance with all applicable zoning laws, rules and regulations.

7. to the Title and Survey. Seller covenants and agrees that Seller, at its sole cost and expense, shall, on or before ten (10) days after the Effective Date of this Agreement, cause American Guaranty Title 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 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, survey, contiguity, access and compliance with recorded covenants and restrictions. Such Title Commitment shall not contain any exception for rights of parties in possession other than an exception for the right of the Tenant (as hereinafter defined)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 an office building 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 15 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.

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 only lease in effect relating to the Property, together with all modifications and amendments (other than Amendment required by this Agreement) to such lease (such lease, as modified and amended, being herein referred to as the "Lease"). 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 best of Seller's 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 notice of termination or default under the Lease,(ii) there are no existing or uncured defaults by Seller or by the Tenant under the Lease, (iii) to the best of Seller's 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, and (iv) Tenant has not asserted 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) except for the construction of the improvements described therein, is not entitled to any special work (not performed prior to the Closing Date),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, and except for the rights under Sections 35 and 37 which shall be extinguished on or before Closing.

(e) Lease - Commissions. All commissions payable under, relating to, or as a result of the Lease will be cashed-out

and paid and satisfied in full by Seller at or prior to Closing.

(f) Lease - Acceptance of Premises. On or before Closing (I) Tenant will have accepted its leased premises located within the Property, including any and all work performed therein or thereon pursuant to the Lease, (ii) Tenant will be in full and complete possession of its premises under the Lease, and (iii) Seller will not have received 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 Contracts and the Permitted Exceptions, 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 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. 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 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.

(j) Proceedings Affecting Access. The Property is served by curb cuts

for direct vehicular access to and from South 129th East Avenue and East 48th Street South adjoining the Property. Said streets are public streets. 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 either of such adjacent public roads.

(k) 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.

(l) Conditions of Improvements. Upon "Completion of Construction" (as elsewhere defined herein), there will be no 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 will be in good condition and working order, and there will be no defects or deficiencies, latent or otherwise, therein.

(m) Certificates. Upon Completion of Construction, there will be in effect permanent certificates of occupancy, licenses, and permits as may be required for the Property, and the use and occupancy of the Property will be in compliance and conformity with the certificates of occupancy and all licenses and permits, and there will be 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.

(n) 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 upon Completion of Construction, the Improvements thereon will comply with all applicable legal requirements with respect to the use, occupancy, and construction thereof.

(o) Utilities. All utilities and utility equipment, facilities and services necessary for the operation of the Improvements as contemplated by the Plans and Specifications (as elsewhere defined herein) will be installed and connected pursuant to valid permits and will meet the requirements of Tenant pursuant to the Lease, including water, sanitary sewer, storm sewer and electricity.

(p) 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. Seller shall pay, or cause to be paid, all installments of general real estate taxes, special taxes or assessments, service charges, water and sewer charges, private maintenance charges, and other prior lien charges by whatever name called, which are due and payable on or prior to the Closing Date.

(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. Other than Purchaser, 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 Tenant, which rights will be extinguished by lease amendment.

(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 liability company under the laws of the State of Oklahoma. 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) Year 2000 Compliance. Seller has taken all necessary and appropriate steps to assure that all building systems and material computer applications will recognize correctly and perform date sensitive functions involving certain dates prior to and after December 31, 1999.

(w) Plans and Specifications. Attached hereto as Exhibit "D" is a complete list (to date) of all Plans and Specifications relating to the Improvements, including all change orders, shop drawings, bulletins and other documents varying or interpreting the architectural or other drawings. The Improvements, when completed in accordance with the Plans and Specifications, and when fully equipped with all of the building equipment will be ready for use and in conformity in all material respects with all applicable laws, rules, regulations, ordinances

and statutes and the Lease. Seller shall cause all amendments to the Plans and Specifications to be prepared in compliance in all material respects with (I) the requirements and standards set forth in the Lease, (ii) all applicable governmental requirements, and (iii) all private covenants, conditions and restrictions of record that encumber all or any part of the Land. Seller shall not amend the Plans and Specifications in any manner which would have a material adverse effect on the value of the Property or without the consent of the Tenant without the prior written consent of Purchaser, except as otherwise expressly permitted herein. Purchaser's approval of the Plans and Specifications shall not constitute, and shall not be deemed to constitute, an acknowledgment by Purchaser that the Plans and Specifications comply with the requirements of the immediately preceding sentence, nor shall Purchaser's approval of the Plans and Specifications in any way constitute a waiver of (or diminish Seller's obligation to satisfy fully) the requirements of the immediately preceding sentence.

(x) Approvals. The requirements of all covenants, conditions and

restrictions of record relating to the development or construction of the Improvements, including all covenants requiring consent from any third party, have been, or on the Closing Date will be, fully satisfied and complied with in all material respects.

(y) Contracts. Attached hereto as Exhibit "B" is a complete list and description of all contracts and agreements known to Seller or to which Seller is a party relating to or affecting the Land or the development or construction of the Improvements thereon, including without limitation any contracts or agreements with the Architect, General Contractor, any construction manager, other professionals or specialists, or utility companies. All such contracts or agreements listed on said Exhibit "B" are in full force and effect. To Seller's knowledge, neither party to any such contract is in default thereunder and no event has occurred which, with the mere passage of time or the delivery of notice or both, would constitute a default or breach thereunder. Except as otherwise herein expressly provided, Seller shall not enter into any service, management or maintenance contract, or amend, cancel or otherwise revise any such contract or agreement currently in effect, without the prior written consent of Purchaser, except that Seller shall have the right, without the consent of Purchaser, to enter into any such contracts which are either 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.

(z) Inducements. To Seller's knowledge, there are no donations of monies or land or payments (other than general real estate taxes) for schools, parks, fire departments or any other public facilities or for any other reason which are or will be required to be made by an owner of the Improvements, and there are no obligations burdening the Improvements created by any so-called "recapture agreement" involving refund for sewer or water extension or other improvement to any sewer or water systems, oversizing utility, lighting or like expense or charge for work or services done upon or relating to the Improvements which will bind the Purchaser or the Improvements from and after the closing.

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. 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 Warranty Deed by Seller to Purchaser for one year. If there is any 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, except that after such closing and consummation Purchaser shall have the right to seek monetary damages from Seller for any such changes willfully caused by Seller or any such representations or warranties willfully breached by Seller, 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 willfully caused by Seller or any such representations and warranties willfully breached by Seller and not within the actual knowledge of Purchaser at the time of Closing.

9. Seller's Additional Covenants. Seller does hereby further covenant

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and agree as follows:

(a) Operation of Property. Seller hereby covenants that, from the
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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, contract, or other agreement respecting the Property, except as required hereunder, (iii) not grant or otherwise create or consent to the creation of any easement, restriction, lien, assessment, or encumbrance respecting the Property, other than utility easements or ingress/egress easements necessary for the Property's development, 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
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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. Furthermore, Seller shall, for the same period of time, use diligent and good faith efforts to cause the Tenant under the Lease to perform all of its duties and obligations and otherwise comply with each and every one of its covenants and agreements under such Lease and shall 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. On or before Closing, Seller shall cause the Lease to be amended to reflect as the legal description of the Land (as defined in the Lease), the legal description attached hereto as Exhibit A.

(c) Tenant Estoppel Certificate. At least five (5) days prior to the
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end of the Inspection Period, Seller shall obtain and deliver to Purchaser a fully completed estoppel certificate with respect to the Lease in substantially the form of Exhibit "E" (the "Initial Tenant Estoppel Certificate"), duly
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executed by the Tenant thereunder. At least five (5) days prior to Closing, Seller shall obtain and deliver to Purchaser a fully completed estoppel certificate with respect to the Lease in substantially the form of Exhibit "F"

(the "Final Tenant Estoppel Certificate"), duly executed by the Tenant thereunder.

(d) Insurance. From and after the date of this Agreement to the date
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and time of Closing, Seller shall, at its expense, cause to be maintained in full force and effect the insurance coverage described in Exhibit "G".

(e) Permits, etc. At least five (5) days prior to the

Closing Date, Seller shall obtain and deliver to Purchaser copies of (I) all building permits and other necessary governmental licenses or approvals required in connection with the development and operation of the Improvements (to the extent such permits are issuable as of the Closing Date); (ii) true and correct copies of the most recent real estate tax bills and notices of assessed valuation pertaining to the Improvements; (iii) true and correct copies of all

insurance policies and certificates of insurance in Seller's possession relating to the Improvements or delivered to Seller by Tenant.

(f) CAD Disk. On or before the Closing Date, Seller shall deliver to Purchaser as built drawings depicting the Improvements as constructed, such drawings to be delivered on a CAD disk.

(g) Assignment of Contracts. With respect to the Contracts and warranties which are being assigned to Purchaser, there shall have been delivered to Purchaser, at or prior to the Closing, written instruments from the contracting parties whereby they consent to the assignment of the contract, warranties and guaranties.

(h) 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.

(I) Completion of Construction. Seller agrees that it shall, with diligence and continuity, cause the Improvements to be completed in accordance with the Plans and Specifications and the Lease.

(j) Action with Respect to the Property. Seller shall not in any manner sell, convey, assign, transfer or encumber the Improvements or the Lease or any part thereof or interest therein (except to secure, refinance or extend any existing construction loan which shall be paid off on or before Closing), or otherwise dispose of the Improvements or the Lease, or any part thereof or interest therein, or alter or amend the zoning classification of the Improvements, or otherwise perform or permit any act or deed which shall materially diminish, encumber or affect Seller's rights in and to the Improvements or prevent it from performing fully its obligations hereunder, nor enter into any agreement to do so.

(k) Books and Records. Seller shall maintain, or cause to be maintained, complete books and records with respect to the

Improvements. At all reasonable times, and upon prior notice, Purchaser shall have the right, from time to time upon request therefor, to inspect and make copies of all books and records of Seller relating to the Improvements, and Seller agrees to cause the same to be made available to Purchaser for such purpose during regular business hours at the principal offices or, at Seller's option after notice to Purchaser, at or in the vicinity of the Improvements.

(l) Purchaser's Access. At all reasonable times and upon the request by Purchaser, Seller shall grant to Purchaser and its engineers, architects and other agents or representatives of Purchaser, access to the Improvements for the purpose of making a physical inspection thereof, and each of its component parts; provided, however, all such persons shall comply with reasonable safety requirements of Seller, and Seller shall have no liability or obligation to any of such persons for any injury or loss suffered while said persons are upon the Improvements. Purchaser shall restore the Land to its condition existing immediately before Purchaser's entry upon the Land, and Purchaser shall indemnify and defend Seller against and hold Seller harmless from all claims, demands, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees and disbursements (collectively, "Claims"), in any manner arising from or caused by Purchaser in connection with entry on the Land by Purchaser pursuant hereto; provided, however, Purchaser's foregoing obligations

shall not include any obligation or duty with respect to Claims (including Claims that the Land has declined in value) arising out of, resulting from or incurred in connection with (I) the discovery or presence of any Hazardous Substances on the Land not brought on the Land by Purchaser or the Release (other than by Purchaser) of any Hazardous Substances on the Land, or (ii) the results, findings, tests or analyses of Purchaser's environmental investigation of the Land.

(m) Progress Reports. Seller shall report to Purchaser in writing, from time to time, but not less frequently than monthly, as to (I) the progress of construction of the Improvements (such reports to include, without limitation, an updated construction schedule, photographs of construction progress to date and a monthly progress report of the General Contractor); and (ii) such other information with respect to the Improvements and its operation as Purchaser may reasonably request from time to time. Seller shall report to Purchaser in writing any construction defects or material deviations from the Plans and Specifications promptly upon Seller becoming aware of same, which notice shall describe the nature of such defect or deviation in reasonable detail.

(n) Default Notices. Seller shall deliver or cause to be delivered to Purchaser, promptly upon receipt thereof by Seller, copies of any written notices of default, or the occurrence of any event which could result in a default, under any construction loan, mortgage, lease, contract or agreement now or at any time hereafter in effect with respect to the Improvements, and shall report to Purchaser, from time to time, the status of any alleged default thereunder. Seller shall advise Purchaser in writing, promptly upon obtaining actual knowledge of the occurrence of any event or circumstance which constitutes a breach of any of the representations or warranties or covenants of Seller herein contained, which notice shall describe the nature of such event or circumstance in reasonable detail. Seller agrees that it will use commercially reasonable efforts at all times to correct any such event or circumstance within Seller's reasonable control and, to the extent the same is within the reasonable control of Seller, to cause all representations and warranties of Seller herein contained to be true and correct on and as of the Closing Date, and to cause Seller to be in compliance with its covenants and obligations hereunder. Seller shall advise Purchaser promptly in writing of the receipt, by Seller or any of its affiliates, of notice of: (I) the institution or threatened institution of any judicial, quasi-judicial or administrative inquiry or proceeding with respect to the Improvements; (ii) any notice of violation issued by any governmental or quasi-governmental authority with respect to the Improvements, (iii) any proposed special assessments, or (iv) any defects or inadequacies in the Improvements or any part thereof issued by any insurance company or fire rating bureau.

(o) Warranties. With respect to any warranties or guaranties relating to the Improvements which are assigned, or required to be assigned, to Purchaser pursuant to Section 1(f), or otherwise, and which, by their terms or otherwise expire, terminate or lapse at any time prior to the date which is one year following the Substantial Completion Date (as defined in the Lease) (the "Warranty Date"), Seller hereby assumes and agrees to pay, perform and discharge all of the liabilities and obligations of the various contractors, suppliers and others providing warranties or guarantees as above provided for the period from the date of expiration thereof to and including the Warranty Date, it being the intention of the parties hereto that such guarantees or warranties which have expired, terminated or lapsed prior to the Warranty Date shall be extended by the provisions of this Subsection and shall be the liability and obligation of Seller during such extended period.

(p) Punch List Work. The parties acknowledge that

certain portions of the building and the building equipment constituting a part of the Improvements may not have been finally completed on the Closing Date. Accordingly, the Architect shall determine the amount (the "Punch List Amount") as may be necessary to (I) satisfactorily complete any items of construction, or to provide any items of building equipment, required by the Plans and Specifications which, while substantially complete, have not been finally completed or provided on the Closing Date, other than the Seasonal Punch List Work referred to below (the "Regular Punch List Work"); (ii) satisfactorily complete any landscaping required by the Plans and Specifications which cannot then be completed on account of weather or the season (the "Seasonal Punch List Work"); and (iii) correct any material defects ("Defects") in the design or construction of the Improvements or the materials incorporated therein (the Defects, together with the Regular Punch List Work and the Seasonal Punch List Work being collectively called the "Punch List Work"). If the Punch List Amount exceeds One Hundred Thousand Dollars ($100,000), the Closing may, at the option of Purchaser, be deferred until such time as a sufficient amount of work shall have been performed with respect to the Seasonal Punch List Work, the Defects or the Regular Punch List Work so that the Punch List Amount shall be reduced to an amount within the limit prescribed. As expeditiously and prudently as possible after the Closing Date, Seller shall complete, or cause to be completed, all of the Punch List Work. Seller's covenant to complete the Punch List Work shall survive the Closing and any release of construction holdbacks by Tenant under the Lease.

(q) As-Built Survey. Not less than fifteen (15) days prior to the Closing, 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 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 and currently in effect and shall contain and disclose the matters and information set forth in Exhibit "H". 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.

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 9:00 a.m., local time, on the fifth (5th) business day following Completion of Construction, 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; and the Purchase Price shall arrive in good funds no later than noon Central Standard Time on the Closing Date, or proration shall be adjusted by one day. The Closing shall take place through an escrow established with the Title Company (the "Escrow") by means of a so-called New York style closing, with the concurrent delivery of Seller's deed and other documents of title, the delivery of the Title Policy (or marked title commitment) described below, and the payment of the Purchase Price.

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) Special Warranty Deed. A Special Warranty Deed conveying to Purchaser insurable fee simple title to the Land and Improvements, together with all rights, easements, and appurtenances thereto, subject only to the Permitted Exceptions. The legal description set forth in the Warranty Deed shall be as set forth on Exhibit "A". In the event Purchaser shall obtain a new or updated survey of the Land and Improvements and the legal description set forth in Purchaser's survey shall differ from the legal description set forth on Exhibit "A", the Special Warranty Deed shall convey title by the legal description based upon such survey;

(b) Bill of Sale. A Bill of Sale conveying to Purchaser marketable title to the Personal Property in the form and substance of Exhibit "I";

(c) Blanket Transfer. A Blanket Transfer and Assignment in the form and substance of Exhibit "J";

(d) Assignment and Assumption of Lease. An Assignment and Assumption of Lease in the form and substance of Exhibit "K",assigning to Purchaser all of Seller's right, title, and interest in and to the Lease and the rents thereunder and pursuant

to which Purchaser shall assume all obligations under the Lease accruing after the date of said assignment;

(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 Special Warranty 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. The original tenant files and other books and records (other than matters solely between Seller and the general contractor relating to the construction contract) 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; and

(l) 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 (excluding endorsements), including the cost of the examination of title to the Property made in connection therewith, the premium (excluding endorsements) for the owner's policy of title insurance issued pursuant thereto, the cost of any transfer or documentary tax 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 cost of endorsements to the Title Policy, 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 to Seller for any period following the month of Closing, or otherwise.

(b) Property Taxes. Except for such taxes which are the responsibility

of Tenant, 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.

The information to be furnished by Seller on which the computation of prorations is based shall be true, correct and complete in all respects.

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.

Seller's Initial ILLEGIBLE Purchaser's Initials ILLEGIBLE

16. Seller's Default. In the event of default by Seller under the terms of this Agreement, at Purchaser's option: (I) 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 Purchase Price shall be reduced by an amount equal to the reasonable third-party out-of-pocket 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; 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.

17. Condemnation. If, prior to the Closing, all or any part of the Property (which part allows the Tenant under the Lease to terminate the Lease or otherwise reduce the rent payable thereunder) 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 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 One Hundred Thousand Dollars ($100,000.00) or if the Lease shall terminate as a result of such damage, 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

18, or has no right to terminate this Agreement (because the damage or destruction does not exceed $100,000.00 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 knowledge that, except as may be disclosed in that certain Phase I Environmental Assessment dated February 18, 1999, revised March 5, 1999 performed by A&M Engineering and Environmental Services, Inc., Project No. 1659-001, (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.

20. 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.

21. Broker's Commission. Seller has by separate agreement agreed to pay a brokerage commission to First Fidelity Mortgage Corp.(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 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 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:	c/o Wells Capital, Inc. 3885 Holcomb Bridge Road Norcross, Georgia 30092 Attn: Mr. Leo F. Wells, III
with a copy to:	O'Callaghan & Stumm LLP 127 Peachtree Street, N. E., Suite 1330 Atlanta, Georgia 30303 Attn: William L. O'Callaghan, Esq.
SELLER:	c/o TOLD Development Company 6900 Wedgewood Road, Suite 100 Maple Grove, Minnesota 55311

Attn: Thomas M. Burke

with a copy to : c/o TOLD Development Company

20800 Swenson Drive, Suite #490
Waukesha, WI 53186
Attn: Michael D. Arneson

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 or by overnight courier, 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. Indemnities. Seller hereby agrees to indemnify, defend and hold Purchaser free and harmless of and from any and all claims of any kind or nature, arising out of or based on any failure of Seller to perform all obligations of Seller in accordance with the Lease or any contracts or permits relating to the construction, ownership, operation, leasing of the Improvements (or any event by Seller or condition that, after notice or the passage of time, or both, would constitute a breach, default or violation by Seller) under any of the foregoing arising on or prior to the Closing Date, or any personal injury or property damage (other than damage to the Land, the building or the building equipment) occurring in, on or about the Improvements before the Closing Date, except to the extent any of the foregoing shall be expressly assumed by Purchaser pursuant to the provisions hereof. With respect to any liabilities or obligations which, after the Closing Date, are the liabilities or obligations of Purchaser under the provisions of this Agreement, or which have been expressly assumed in writing by Purchaser, or which arise solely as a result of the acts of Purchaser, Purchaser shall indemnify, defend, and hold Seller, free and harmless from any and all claims in connection therewith.

26. 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 paragraph 19 which shall survive for an unlimited time.

27. 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.

28. 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.

29. 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 Oklahoma. 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.

30. 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.

31. 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":

MERIDIAN TULSA L.L.C.,
an Oklahoma limited liability company

By: /s/ Bryant J. Wangard

Bryant J. Wangard
Its: Manager

"PURCHASER":

WELLS CAPITAL, INC.

By: /s/ Leo F. Wells

Its: President

"ESCROW AGENT":

AMERICAN GUARANTY TITLE COMPANY

By: /s/ ILLEGIBLE

Its: Sr. Vice President

Schedule of Exhibits

Exhibit "A"	-	Description of Land
Exhibit "B"	-	Contracts
Exhibit "C"	-	Copy of Lease
Exhibit "D"	-	List of Plans and Specifications
Exhibit "E"	-	Form of Initial Tenant Estoppel Certificate
Exhibit "F"	-	Form of Final Tenant Estoppel Certificate
Exhibit "G"	-	Schedule of Insurance Policies
Exhibit "H"	-	Survey Requirements
Exhibit "I"	-	Bill of Sale Form
Exhibit "J"	-	Blanket Transfer and Assignment Form
Exhibit "K"	-	Assignment and Assumption of Lease Form

EXHIBIT "A"
LEGAL DESCRIPTION

EXHIBIT "A"

Beginning at the Northwest corner of Lot 2, Block 1 of the AmberJack Subdivision, an addition to the City of Tulsa, Tulsa County, Oklahoma. According to the recorded plat thereof; thence along a curve to the left, having a central angle of 25-02-41 and a radius of 384.0 feet, a distance of 167.85 feet; thence S 89-55-46 E, a distance of 233.89 feet; thence along a curve to the left, having a central angle of 06-37-00 and a radius of 1022.0 feet, a distance of 118.02 feet; thence N 83-27-14 E, a distance of 136.06 feet; thence along a curve to the right, having a central angle of 06-37-00 and a radius of 978.0 feet, a distance of 112.94 feet; thence S 89-55-46 E, a distance of 62.16 feet; thence along a curve to the right, having a central angle of 90-00-00 and a radius of 30.0 feet, a distance of 47.12 feet; thence S 00-04-14 W, a distance of 818.30 feet to the Southeast corner of said Lot 2; thence S 00-04-14 W, a distance of 255.06 feet; thence N 89-55-39 W, a distance of 40.76 feet; thence along a curve to the right, having a central angle of 64-20-01 and a radius of 150.0 feet, a distance of 168.43 feet; thence N 25-35-38 W, a distance of 61.30 feet; thence along a curve to the left, having a central angle of 30-52-07 and a radius of 350.0 feet, a distance of 188.57 feet; thence N 56-27-45 W, a distance of 457.44 feet; thence along a curve to the right, having a central angle of 45-52-49 and a radius of 225.0 feet, a distance of 180.17 feet; thence N 10-34-56 W, a distance of 235.91 feet; thence N 25-32-15 E, a distance of 50.89 feet; thence N 10-34-56 W, a distance of 156.31 feet to the point of beginning. Containing 14.641 acres, more or less.

EXHIBIT "B"
LIST OF CONTRACTS

1. Standard form of Agreement between Owner and Architect - Meridian Properties Real Estate Development LLC, as Owner, KKE Architects, as Architect dated August 8, 1998 (Consent of Architect necessary for assignment).

2. Standard form of Agreement between Owner and Contractor (with GMAX) between Meridian Tulsa L.L.C. (Owner) and Manhattan Construction Company, Contractor dated February 26, 1999.

EXHIBIT 10.42

ASSUMPTION AND MODIFICATION AGREEMENT

FOR THE METRIS LOAN

THIS ASSUMPTION AND MODIFICATION AGREEMENT REDUCES THE MAXIMUM PRINCIPAL AMOUNT OF A LOAN THAT WAS MADE ON MARCH 29, 1999 AND IS SECURED BY A MORTGAGE RECORDED ON APRIL 8, 1999 FROM $10,250,000 TO $8,000,000 AND EXTENDS THE SCHEDULED FINAL MATURITY DATE OF SUCH LOAN FROM JUNE 29, 2000 TO FEBRUARY 11, 2003

ASSUMPTION AND MODIFICATION AGREEMENT

THIS ASSUMPTION AND MODIFICATION AGREEMENT (this "Agreement") is made as of the 11th day of February, 2000, by and among M&I MARSHALL & ILSLEY BANK, a Wisconsin banking corporation ("Lender"), having its principal office and place of business at 770 North Water Street, Milwaukee, Wisconsin 53201-2035, MERIDIAN TULSA L.L.C., an Oklahoma limited liability company ("Borrower"), having its principal office and place of business at 6385 Old Shady Oak Road, Suite 120, Eden Prairie, Minnesota 55344 and WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Assignee") having its principal office and place of business at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092.

W I T N E S S E T H:

WHEREAS, Lender has made a construction loan to the Borrower pursuant to the terms of a Loan Agreement dated as of March 29, 1999 between Lender's predecessor in interest, Richter-Schroeder Company, Inc. ("Richter-Schroeder") and Borrower (the "Loan Agreement"); and

WHEREAS, the Borrower has satisfied the conditions set forth in the Loan Agreement for the conversion of the construction loan to a three-year term loan (in either instance, the "Loan"); and

WHEREAS, the Loan is secured by, among other things, (i) that certain Mortgage and Security Agreement and Fixture Financing Statement, dated March 29, 1999 (the "Mortgage"), made by the Borrower and recorded on April 8, 1999, in the office of the Clerk for Tulsa County, Oklahoma as Document No. 99040529, encumbering the real property legally described on Exhibit A attached hereto and incorporated herein by this reference (the "Mortgaged Property") and (ii) that certain Assignment of Rents, Leases and Profits dated March 29, 1999 (the "Assignment of Rents"), recorded on April 8, 1999, in the office of the Clerk for Tulsa County, Oklahoma as Document No.99040530, also made by Borrower with respect to the Mortgaged Property. The promissory note evidencing the Loan, the Loan Agreement, the Mortgage, the Assignment of Rents and the related financing statements were assigned by Richter-Schroeder to the Lender pursuant to an Assignment of Mortgage and Related Documents dated March 29,

1999, recorded on April 8, 1999, in the office of the Clerk for Tulsa County, Oklahoma as Document No. 99040558, and are hereinafter collectively referred to as the "Original Loan Documents." This Agreement and the other documents executed and/or delivered by and/or among Borrower and/or Lender and/or Assignee in connection with modification of the terms of the Loan pursuant to this Agreement are hereinafter collectively referred to as the "Modification Documents." The Original Loan Documents and the Modification Documents are hereinafter collectively referred to as the "Loan Documents";

WHEREAS, by deed dated February 11, 2000, and recorded in the office of the Clerk for Tulsa County, Oklahoma, Borrower has transferred and conveyed to Assignee title to the Mortgaged Property;

WHEREAS, Borrower and Assignee have requested that Lender (i) consent to Borrower's transfer and conveyance to Assignee of title to the Mortgaged Property, (ii) permit Borrower to assign to Assignee all of Borrower's obligations under the Loan Documents, (iii) permit Assignee to assume the Loan and all of the terms, covenants and conditions of the Loan Documents, (iv) release the Borrower and the Guarantors from their obligations with respect to the Loan once the Assignee assumes the Borrower's obligations and (v) amend the Loan Documents to reduce the principal amount of the Loan and make certain other changes as hereinafter set forth;

WHEREAS, as of the date of this Agreement, the Original Loan Documents are in full force and effect, without any defenses, claims or offsets of any kind or nature whatsoever; and

WHEREAS, subject to strict compliance with the terms, provisions, conditions, covenants and requirements set forth in this Agreement, Lender is willing to agree to these requests by Borrower and Assignee; and

WHEREAS, capitalized terms that are not otherwise defined herein shall have the meanings attributed to them in the Loan Agreement;

NOW, THEREFORE, the parties hereto, in consideration of the foregoing premises, the mutual covenants herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows.

ARTICLE I
GENERAL COVENANTS AND PROVISIONS

Section 1.01. Borrower and Assignee each hereby acknowledge and agree that the foregoing recitals are true, accurate and correct, and are incorporated herein by this reference.

Section 1.02. To the extent not otherwise defined herein to the contrary, all terms and phrases used in this Agreement shall have the respective meanings ascribed to them in the Loan Documents.

Section 1.03. Borrower hereby assigns to Assignee all of Borrower's duties, responsibilities and obligations under the Loan Documents.

Section 1.04. Assignee hereby (a) assumes and agrees to repay the Loan at the times, in the manner and in all respects as provided in the Loan Documents (as modified by this Agreement), as fully and as if Assignee were the original borrower thereof; (b) assumes and agrees to perform each and every covenant, agreement and obligation of the Borrower under the Loan Agreement (as amended by this Agreement), the Term Note (as amended by this Agreement), the Mortgage (as amended by this Agreement), the Assignment of Rents (as amended by this Agreement) and, at the time, in the manner and in respects as provided in each of such documents; and (c) agrees to be bound by each and every term and provision of the Loan Agreement (as amended by this Agreement), the Term Note (as amended by this Agreement), the Mortgage (as amended by this Agreement) and the Assignment of Rents (as amended by this Agreement).

Section 1.05. In addition to all other representations, warranties, covenants and agreements contained in this Agreement, Borrower hereby represents,

warrants, covenants and agrees as follows:

(a) The outstanding principal balance of the Loan, effective as of the date hereof, is $8,000,000, and interest has been paid on such principal balance to the date hereof.

(b) The Borrower's obligation with respect to the Loan is not subject to any defenses, offsets, claims or counterclaims.

(c) To the fullest extent permitted by applicable law, Borrower waives and releases any and all defenses, whether legal or equitable in nature, which it may have or allege to have to the enforcement by Lender of its rights and remedies under the Loan Documents.

(d) The covenants and obligations set forth in this Agreement benefit and are in the best interest of Borrower.

(e) The consideration received and to be received by Borrower pursuant to this Agreement is adequate and sufficient in all respects.

(f) This Agreement and all documents signed by Borrower in connection with this Agreement are entered into by Borrower without duress, and Borrower has relied upon the advice of competent independent legal counsel in entering into such documents.

(g) Borrower agrees that the Mortgage and all other documents securing the payment of the Loan continue in full force and effect, and that nothing herein contained shall affect or impair the validity or priority of the liens and security interests held by Lender; rather, the validity and priority of such liens and security interests are hereby expressly acknowledged and confirmed by Borrower as being superior to any and all other rights in and to the Mortgage Property.

(h) This Agreement is a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.

(i) Borrower agrees to indemnify and hold Lender harmless from and against any losses, damages, claims, costs or expenses (including reasonable attorneys' fees and court costs) incurred by Lender as a direct or indirect result of a breach of any representation or warranty by Borrower set forth in this Agreement or any documents referenced herein.

(j) Borrower is not in default under any of the Loan Documents.

(k) Borrower agrees to indemnify and hold Assignee harmless from and against any losses, damages, claims, costs or expenses (including reasonable attorneys' fees and court costs) incurred by Assignee as a direct or indirect result of a breach of any representation or warranty by Borrower set forth in this Agreement or any documents referenced herein and with respect to matters concerning the Original Loan Documents arising on or prior to the date hereof.

Section 1.06. In addition to all other representations, warranties, covenants and agreements contained in this Agreement, Assignee hereby represents, warrants, covenants and agrees as follows:

(a) The indebtedness evidenced by the Term Note is valid and subsisting and is not subject to any defenses, offsets, claims or counterclaims.

(b) To the fullest extent permitted by applicable law, Assignee waives and releases any and all defenses, whether legal or equitable in nature, which it may have or allege to have to the enforcement by Lender of its rights and remedies under the Loan Agreement, the Term Note, the Mortgage and all other Loan Documents.

(c) The covenants and obligations set forth in this Agreement benefit and are in the best interest of Assignee.

(d) The consideration received and to be received by Assignee pursuant to this Agreement is adequate and sufficient in all respects.

(e) This Agreement and all documents signed by Assignee in connection with this Agreement are entered into by Assignee without duress, and Assignee has relied upon the advice of competent independent legal counsel in entering into such documents.

(f) Assignee agrees that the Loan Agreement, the Term Note, the Mortgage and all other documents securing the payment of the Loan continue in full force and effect, and that nothing herein contained shall affect or impair the validity or priority of the liens and security interests held by Lender; rather, the validity and priority of such liens and security interests are hereby expressly acknowledged and confirmed by Assignee as being superior to any and all other rights in and to the Mortgage Property.

(g) Assignee's United States taxpayer identification number is 58-2368838.

(h) Assignee agrees to indemnify and hold Lender harmless from and against any losses, damages, claims, costs or expenses (including attorneys' fees and court costs) incurred by Lender as a direct or indirect result of a breach of any representation or warranty by Assignee set forth in this Agreement or, from and after the date hereof, any documents referenced herein.

Section 1.07 The Assignee acknowledges and agrees that the outstanding principal balance of the Note for which the Assignee shall be liable is, as of the date hereof, $8,000,000 and that it will be liable for the payment of interest on such sum from the date hereof.

Section 1.08. Upon the effectiveness of this Agreement, Lender releases the Borrower and the Guarantor from their respective obligations with respect to the Loan, and all references in the Loan Documents to "Borrower" (or other appellations pertaining to the Borrower in this Agreement) shall be deemed references to the Assignee under this Agreement.

ARTICLE II
MODIFICATION OF LOAN AGREEMENT AND TERM NOTE

Section 2.01. The form of Term Note attached to the Loan Agreement as Exhibit C is hereby replaced in its entirety with the form of Term Note attached as Exhibit B to this Agreement and all references to the "Note" or the "Term Note" hereafter shall mean references to the Term Note attached as Exhibit B hereto.

Section 2.02. The provisions of Section 1(b) of the Loan Agreement requiring the Borrower to make monthly payments of principal with respect to the Term Loan are hereby deleted. The Borrower shall make payments of interest only monthly during the term of the Term Loan, as more particularly described in the Term Note.

Section 2.03. All references to the Guarantors in the Loan Documents are deleted.

Section 2.04. Except as provided below, Borrower shall not be personally liable for amounts due under the Loan Documents. Borrower shall be personally liable to Lender for any deficiency, loss or damage suffered by Lender because of: (a) the misapplication by Borrower of any funds derived from the Project, including security deposits, insurance proceeds and condemnation awards; (b) any fraud or misrepresentation by Borrower made in or in connection with the Loan Documents or the Loan; (c) Borrower's collection of rents more than one month in advance or entering into or modifying leases, or receipt of monies by Borrower in connection with the modification of any leases, in violation of any of the Loan Documents; (d) Borrower's failure to apply proceeds of rents or any other payments in respect of the leases and other income of the Project or any other collateral to the costs of maintenance and operation of the Project and to the payment of taxes, lien claims, insurance premiums, debt service and other amounts due under the Loan Documents; (e) Borrower's interference with Lender's exercise of rights under the Assignment of Rents and Leases; (f) Borrower's failure to maintain insurance as required by the Loan Documents or to pay any taxes or assessments affecting the Project; (g) damage or destruction to the Project caused by the acts or omissions of Borrower, its agents, employees, or contractors; or (h) Borrower's obligations with respect to environmental matters under Article 9 of the Mortgage. Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, to file a claim for the full amount due to Lender under the Loan Documents or to require that all collateral shall continue to secure the amounts due under the Loan Documents.

ARTICLE III
MODIFICATION OF MORTGAGE AND ASSIGNMENT OF RENTS

Section 3.01. The Mortgage is amended as follows:

(a) The name and address of the Mortgagor in the first paragraph of the Mortgage is hereby deleted and the following is inserted in lieu thereof: "WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, having its principal office and place of business at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092;"

(b) The name and address of the Mortgagee in the first paragraph of the Mortgage is hereby deleted and the following is inserted in lieu thereof: "M&I MARSHALL & ILSLEY BANK, a Wisconsin banking corporation, having its principal office and place of business at 770 North Water Street, Milwaukee, Wisconsin 53201-2035;"

(c) The second paragraph of the Mortgage, beginning "WHEREAS, pursuant to the terms of the loan agreement . . . " is hereby deleted and replaced with the following:

"WHEREAS, pursuant to the terms of a loan agreement dated as March 29, 1999 between Mortgagor's predecessor in interest, Meridian Tulsa L.L.C., and Mortgagee's predecessor in interest, Richter-Schroeder Company, Inc., as amended by an Assumption and Modification Agreement dated as of February 11, 2000 between Mortgagor and Mortgagee (as the same may be further amended from time to time, the "Loan Agreement"), Mortgagor is indebted to Mortgagee in the principal sum of Eight Million and no/100 Dollars ($8,000,000.00), with interest thereon until paid, to evidence the payment of which Mortgagor has executed a promissory note dated as of February 11, 2000, with a maturity date three years after the date thereof, payable to the order of Mortgagee at its office aforesaid or at such other place as the holder thereof may designate from time to time, to which promissory note reference is hereby made (the "Note"); and"

Section 3.02. The Assignment of Rents is amended as follows:

(a) The name and address of the Assignor in the first paragraph of the Assignment of Rents is hereby deleted and the following is inserted in lieu thereof: "WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership, having its principal office and place of business at 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092;"

(b) The name and address of the Assignee in the first paragraph of the Assignment of Rents is hereby deleted and the following is inserted in lieu thereof: "M&I MARSHALL & ILSLEY BANK, a Wisconsin banking corporation, having its principal office and place of business at 770 North Water Street, Milwaukee, Wisconsin 53201-2035;"

(c) The second paragraph of the Assignment of Rents, beginning "WHEREAS, Assignor is indebted to Assignee . . . " is hereby deleted and replaced with the following:

"WHEREAS, pursuant to the terms of a loan agreement dated as March 29, 1999 between Assignor's predecessor in interest, Meridian Tulsa L.L.C., and Assignee's predecessor in interest, Richter-Schroeder Company, Inc., as amended by an Assumption and Modification Agreement dated as of February 11, 2000 between Assignor and Assignee (as the same may be further amended from time to time, the "Loan Agreement"), Assignor is indebted to Assignee in the principal sum of Eight Million and no/100 Dollars ($8,000,000.00), with interest thereon until paid, to evidence the payment of which Assignor has executed a promissory note dated as of February 11, 2000, with a maturity date three years after the date thereof, payable to the order of Assignee at its office aforesaid or at such other place as the holder thereof may designate from time to time, to which promissory note reference is hereby made (the "Note"); and"

(d) The notice provisions in Section 15 on page 7 of the Assignment of Rents are hereby amended by deleting the addresses given for the Assignor and the Assignee and replacing them with the following:

(a) If to the Assignor:

Wells Operating Partnership, L.P.
6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092

(b) If to the Assignee:

M&I Marshall & Ilsley Bank
c/o Richter-Schroeder Company, Inc.
1110 North Old World Third Street, Suite 320
Milwaukee, Wisconsin 53203
Attn: Ms. Lisa A. Lindsay

Section 3.03. The Mortgage and the Assignment of Rents, as modified as set forth above, are each hereby ratified and confirmed by Assignee.

ARTICLE IV
OTHER SECURITY DOCUMENTS

Section 4.01. Assignee hereby adopts, ratifies and confirms the security interest granted in the Mortgage to Lender and as further evidence of such security interest, Assignee hereby grants to Lender a security interest in all of the personal property acquired by Assignee form Borrower as part of its

acquisition of the Mortgaged Property, which security interest shall be governed by the terms, conditions, covenants and agreements set forth in the Mortgage. Concurrently with its execution of this Agreement, Assignee and Borrower shall also execute and deliver to Lender such financing statements or amendments to financing statements as Lender may require in order to perfect the above-referenced security interest and such financing statements shall be in form, scope and substance acceptable to Lender, in its sole discretion.

Section 4.02. After execution, delivery and recording of this Agreement, Assignee shall provide to Lender, at Assignee's cost, an endorsement to the Loan Policy of Title Insurance held by Lender. The endorsement shall (a) extend the effective date and time of the loan policy to a date and time after recording of this Agreement, without further exception to title coverage, (b) change the name of the owner of the Mortgaged Premises to "WELLS OPERATING PARTNERSHIP, L.P.", (c) identify this Agreement in the description of the Mortgage set forth in Schedule A, and (d) otherwise be in form, scope and substance satisfactory to Lender, in its sole discretion. Lender's receipt of such an endorsement, in form, scope and substance satisfactory to Lender, is a condition to the effectiveness of Lender's covenants and agreements in this Agreement.

Section 4.03. Borrower hereby relinquishes and transfers to Assignee all of Borrower's right, title and interest in any monies which may be held by Lender for the benefit of Borrower, including, without limitation, any escrow deposits for the purposes of application to taxes, assessments, fire and other insurance premiums, or any other purposes for which deposits may have been required by Lender. Assignee assumes liability for payment of any unpaid taxes, assessments, fire and other insurance premiums, and agrees to continue to make monthly deposits if required by Lender.

ARTICLE V
ADDITIONAL COVENANTS AND PROVISIONS

Section 5.01. Assignee's breach of, default under, or other failure to perform or observe any term, provision, covenant or condition of this Agreement shall constitute a default by the Assignee under the Mortgage, as amended, and the other Loan Documents. If any warranty, representation, certification, financial statement or other information made or furnished at any time pursuant to any of the Loan Documents by Assignee or any person or entity on behalf of Assignee shall be materially false or misleading or furnished with knowledge of the false nature thereof, the same shall constitute a default by Assignee under the Mortgage, as amended, and the other Loan Documents.

Section 5.02. All attorney's fees and costs incurred by Lender with respect to the preparation, execution and delivery of this Agreement shall be reimbursed to Lender by Borrower on demand and, if not paid when due, shall bear interest at the Default Rate set forth in the Term Note from the due date therefor until paid in full. The foregoing reimbursement agreement is in addition to, and does not supersede or otherwise affect, the Borrower's agreements in the Loan Document to reimburse the Lender for costs and expenses in connection with any collection or enforcement action.

Section 5.03. Borrower shall pay when due or upon Lender's demand all reasonable closing costs including, but not limited to, recording fees, title insurance premiums and title company closing fees incurred by virtue of the loan modification evidenced by this Agreement.

Section 5.04. Assignee hereby represents and warrants to Lender as follows:

a. Assignee is a Delaware limited partnership, duly formed, validly existing and in good standing under the laws of such state.

b. This Agreement is duly authorized, executed and delivered by Assignee and constitutes a legal, valid and binding obligation of Assignee, fully enforceable in accordance with the terms hereof and Assignee hereby acknowledges, recognizes and confirms the existence and validity of the Loan, as evidenced and secured by the Loan Documents, and further agrees that the obligations of Assignee as

mortgagee under the Loan Documents are fully enforceable and represent the legal, valid and binding obligations of Assignee.

c. Assignee is not aware of any defenses to the payment of the Note, the performance of the strict terms of the Mortgage or Loan Documents, or right of offset or claim against Lender. Assignee specifically acknowledges and agrees to the best of its knowledge that Lender has performed each and all of its obligations, commitments and agreements under the Loan Documents and all other agreements related to the indebtedness, both written and verbal, direct or implied, up to and including the date of this Agreement, that Lender is not in default in the observance or performance or any obligation, commitment, agreement or covenant, express or implied, including but not limited to, covenants of good faith and fair dealing to be observed or performed by it under the foregoing, and that no facts exist and no event has occurred which now or hereafter will authorize Assignee to fail or refuse to abide by the terms of the Loan Documents, or form the basis, in whole or in part, for a claim of any kind against Lender including, but not limited to, lack of good faith or fair dealing.

d. Subject to the terms, provisions, covenants and conditions of this Agreement, nothing contained in this Agreement invalidates, impairs or releases any of the terms, provisions, covenants and conditions contained in the Loan Documents, and the Loan Agreement, the Note and Mortgage, as modified hereby and herein, and the other Loan Documents shall continue in full force and effect and Assignee covenants and agrees to perform, comply with and abide by each and every of the terms, provisions, covenants and conditions contained in the Loan Documents.

Section 5.05. This Agreement shall be effective only upon the satisfaction of each of the following conditions precedent: (a) execution and delivery of a counterpart of this Agreement by each party hereto and (b) receipt by Lender of (i) a certified copy of the Assignee's limited partnership certificate, limited partnership agreement, certificate as to incumbency and resolutions and a certificates of good standing from the Delaware Secretary of State's office and the Oklahoma Secretary of State's office and (ii) an opinion of Assignee's counsel satisfactory in form and substance to Lender regarding, among other things, the authorization of the Assignee to enter into this Agreement, the performance by the Assignee of this Agreement and the Loan Documents not conflicting with the Assignee's limited partnership certificate, limited partnership agreement or any agreement or decree to which Assignee is a party or is subject and the enforceability of this Agreement and the Assignee's obligations under the Loan Documents in accordance with their terms.

Section 5.06. Assignee hereby acknowledges and agrees that this Agreement modifies the Loan Documents only to the extent and on the terms set forth herein, and this Agreement is not, nor shall it be, construed as a commitment by Lender to modify the Loan Documents in any other

respect. Assignee further agrees that Assignee is precluded from claiming that any prior written or oral negotiations, discussions, comments, questions or representations not specifically incorporated into this Agreement or the Loan Documents are binding upon Lender. Furthermore, none of the same shall in any manner whatsoever be deemed to modify or constitute a waiver of the rights and obligations of the parties as stated in the Loan Documents or this Agreement.

Section 5.07. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

Section 5.08. Assignee and Borrower each agree to execute and deliver such documents and to perform such other acts, promptly upon request, as Lender requests and which are, in Lender's reasonable judgment, necessary or appropriate to effectuate the purposes of this Agreement. This Agreement and any memorandum hereof may be filed and recorded by Lender with any governmental agency or other public office.

Section 5.09. The waiver of any breach of any of the provisions of this Agreement by any party shall not constitute a continuing waiver or a waiver of any subsequent breach by said party either of the same or of another provision of this Agreement.

Section 5.10. This Agreement contains the entire agreement between the parties with respect to the modification of the Loan Documents and no statement, promise or inducement made by any party or the agent of any party that is not contained in this Agreement shall be valid or binding. This Agreement may not be changed or modified orally or in any other manner other than by an agreement in writing signed by all the parties hereto, and any attempt to do the same shall be null and void.

Section 5.11. Assignee acknowledges and agrees that time is of the essence with respect to all dates for payment and performance as set forth in the Loan Documents.

Section 5.12. Invalidation of any of the provisions of this Agreement or any paragraph, sentence, clause, phrase or word herein, or the application thereof in any given circumstance, shall not affect the validity of the remainder of this Agreement, except that, in the event of passage, after the date hereof, of any law, the effect of which is to prohibit the payment of any monetary sum to Lender under the Term Note or Mortgage as modified, then Lender may, at its option, declare the indebtedness evidenced by the amended Note immediately due and payable.

Section 5.13. This Agreement shall be construed in accordance with the laws of the State of Oklahoma. Assignee hereby irrevocably submits to the jurisdiction of the Courts of the State of Oklahoma in any suit, action or proceeding. Assignee agrees that any and all service of process in any such suit, action or proceeding mailed or delivered in the manner provided for the delivery of notices in the Mortgage, as amended, shall be deemed in every respect effective service of process upon Assignee. Assignee and Lender each hereby waive any rights that each may have to a jury trial in any controversy arising under this Agreement or under any of the other Loan Documents.

Section 5.14. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have executed and delivered this Agreement as of the day and year first above written.

LENDER:

M&I MARSHALL & ILSLEY BANK,
a Wisconsin banking corporation

By: /s/ Michael L. Acker

Its: Vice President

BORROWER:

MERIDIAN TULSA L.L.C.,
an Oklahoma limited liability company

By: /s/ Bryant J. Wangard

Bryant J. Wangard,
its manager

ASSIGNEE:

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

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

By: /s/ Leo F. Wells

Its: President

STATE OF WISCONSIN)
) ss.
COUNTY OF MILWAUKEE)

I, the undersigned, a Notary Public, in and for said County in the State aforesaid, do hereby certify that Michael L. Acker personally known to me to be the Vice President of M&I Marshall & Ilsley Bank, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his/her free and voluntary act, as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 8th day of February, 2000.

/s/ Joanne McSweeney

Notary Public

My Commission Expires: [SEAL]
9/23/01

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

I, the undersigned, a Notary Public, in and for said County in the State aforesaid, do hereby certify that Bryant J. Wangard, being the of MERIDIAN TULSA L.L.C., personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act, and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 3rd day of February, 2000.

/s/ Patricia A. Saxton

Notary Public

My Commission Expires:
_____

STATE OF GEORGIA)
) ss.
COUNTY OF GWINNETT)

[STAMP]

I, the undersigned, a Notary Public, in and for said County in the State aforesaid, do hereby certify that Leo F. Wells, III, being the President of Wells Real Estate Investment Trust, Inc., the general partner of WELLS OPERATING PARTNERSHIP, L.P., personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act, and as the free and voluntary act of said corporation on behalf of said limited partnership, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 7th day of February, 2000.

/s/ Judith Ann Miller

Notary Public

My Commission Expires: [SEAL]
4/21/2003

This Instrument was prepared by
and after recording should be mailed to:

Charles H. McMullen, Esq.
Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee WI 53202

EXHIBIT A

LEGAL DESCRIPTION

All of METRIS CALL CENTER, a Subdivision in the City of Tulsa, Tulsa County, Oklahoma, according to the recorded plat thereof, formerly known as:

Part of Lots Two (2) and Three (3), Block One (1), of AmberJack, an Addition to the City of Tulsa, Tulsa County, Oklahoma, according to the recorded plat thereof, being more particularly described as follows, to-wit: Beginning at the Northwest corner

of said Lot 2, Block 1; thence along a curve to the left, having a central angle of 25 degrees 02'41" and a radius of 384.0 feet, a distance of 167.85 feet; thence S 89 degrees 55'46" E, a distance of 233.89 feet; thence along a curve to the left, having a central angle of 06 degrees 37'00" and a radius of 1022.0 feet, a distance of 118.02 feet; thence N 83 degrees 27'14" E, a distance of 136.06 feet; thence along a curve to the right, having a central angle of 06 degrees 37'00" and a radius of 978.0 feet, a distance of 112.94 feet; thence S 89 degrees 55'46" E, a distance of 62.16 feet; thence along a curve to the right, having a central angle of 90 degrees 00'00" and a radius of 30.0 feet, a distance of 47.12 feet; thence S 00 degrees 04'14" W, a distance of 818.30 feet to the Southeast corner of said Lot 2; thence S 00 degrees 04'14" W, a distance of 162.00 feet; thence N 89 degrees 54'00" W, a distance of 8.00 feet; thence S 00 degrees 04'14" E, a distance of 93.06 feet; thence N 89 degrees 55'39" W, a distance of 32.76 feet; thence along a curve to the right, having a central angle of 64 degrees 20'01" and a radius of 150.0 feet, a distance of 168.43 feet; thence N 25 degrees 35'38" W, a distance of 61.30 feet; thence along a curve to the left, having a central angle of 30 degrees 52'07" and a radius of 350.0 feet, a distance of 188.57 feet; thence N 56 degrees 27'45" W, a distance of 457.44 feet; thence along a curve to the right, having a central angle of 45 degrees 52'49" and a radius of 225.0 feet, a distance of 180.17 feet; thence N 10 degrees 34'56" W, a distance of 235.91 feet; thence N 25 degrees 32'15" E, a distance of 50.89 feet; thence N 10 degrees 34'56" W, a distance of 156.31 feet to the point of beginning.

EXHIBIT B

PROMISSORY NOTE
(Term Loan Note)

$8,000,000 February 11, 2000

FOR VALUE RECEIVED, the undersigned WELLS OPERATING PARTNERSHIP, L.P., a Delaware limited partnership ("Borrower"), promises to pay to the order of M&I MARSHALL & ILSLEY BANK, a Wisconsin banking corporation ("Lender" which term shall include subsequent holders hereof), on or before the date which is three (3) years after the date of this Note (the "Maturity Date"), in the manner set forth hereinafter, the principal sum of Eight Million Dollars ($8,000,000), together with interest thereon from the date or dates of disbursement at a rate hereinafter stated.

1. Definitions. As used in this Note, the following terms shall have the following definitions:

(a) "Advance or Advances" shall mean portions of the indebtedness created by disbursements or advances by Lender pursuant to or as authorized under the terms of the Loan Agreement.

(b) "Business Day" shall mean a day of the year on which dealings are

carried on in the London interbank market and banks are not required or authorized to close in Milwaukee, Wisconsin.

(c) "Contract Rate" shall mean, during such periods as an Advance is a LIBOR Rate Advance, interest upon the outstanding principal balance of each such LIBOR Rate Advance during the applicable Interest Period equal to the LIBOR Rate determined for such Interest Period plus one and three-quarters percent (1-3/4%) per annum.

(d) "Default" shall mean an event which with the passage of time or giving of notice (or both) would become an Event of Default.

(e) "Event of Default" shall have the meaning attributed to that term in the Mortgage (as defined in Paragraph 4 hereof).

(f) "Interest Period or Periods" shall mean, with respect to each LIBOR Rate Advance, a period of one month, commencing on the first day of each calendar month with respect to outstanding LIBOR Advances and otherwise on the day a LIBOR Advance is funded

and ending, in each instance, on the last day of the calendar month in which it began (or the Maturity Date, if sooner).

(g) "Loan Agreement" shall mean that certain Loan Agreement dated as of Marcy 29, 1999 by and between Borrower's predecessor in interest and Lender's predecessor in interest, as amended by an Assumption and Modification Agreement of even date herewith by and between Lender and Borrower.

(h) "Loan Documents" shall mean the Loan Agreement, this Note, the Mortgage and all other documents executed in connection with the Loan, as the same may be amended and modified from time to time.

(i) "LIBOR Advance" shall mean any Advance for which the LIBOR Rate applies.

(j) "LIBOR Index Rate" shall mean, with respect to a LIBOR Rate Advance, the rate of interest per annum determined by the Bank to be the rate at which the Bank's eurodollar lending office is offered U.S. dollars for one month deposits at or about 10:00 a.m., Milwaukee time, on the day two Business Days prior to the first day of the applicable Interest Period and in an amount substantially similar to the amount of the LIBOR Rate Advance to be outstanding during such Interest Period.

(k) "LIBOR Rate" for any Interest Period shall mean a rate per annum equal to the quotient (rounded up to the next whole multiple of 1/100 of 1%) of (a) the LIBOR Index Rate divided by (b) one minus the LIBOR Reserve Requirement (expressed as a decimal).

(l) "LIBOR Reserve Requirement" shall mean, with respect to each Interest Period, the stated rate of all reserve requirements (including all basic, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements during such Interest Period) that is specified on the first day of such Interest Period by the Board of Governors of the Federal Reserve System for determining the reserve requirement with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D) applicable to the Bank.

(m) "Maximum Legal Rate" shall mean the maximum lawful interest rate which may be contracted for, charged, taken, received or reserved under this Note by Lender in accordance with applicable state or United States federal law (whichever provides for the highest permitted rate), taking into account all items contracted for, charged or received in connection with the indebtedness evidenced hereby which are treated as interest under the applicable state or federal law, as such rate may change from time to time. If the applicable state or federal law provides that the amount of interest which may be contracted for, charged or received on the indebtedness evidenced by this Note is unlimited or imposes no limit, then the Maximum Legal Rate shall be considered infinite and greater than any other interest rate referred to herein.

(n) "Prime Rate" shall mean the interest rate established and quoted from day to day by the Lender as its prime rate for interest rate determination, it being understood that such rate may not necessarily be the lowest rate it is charging to all borrowers. Changes in the Prime Rate (and as a result, changes in the Contract Rate) shall be effective on the day the Prime Rate changes without notice to Borrower, such notice being expressly hereby waived.

(o) "Project" shall have the meaning attributed to that term in the Loan Agreement.

2. Interest Rate Provisions.

(a) Interest Rate. The unpaid principal balance of this Note from time to time outstanding shall bear interest until this Note shall have been paid in full, at an annual rate (the "Interest Rate") equal to the lesser of:

(i) The Contract Rate; or

(ii) The Maximum Legal Rate.

No Interest Period shall extend beyond the Maturity Date and Borrower shall use its best efforts not to cause a prepayment of a LIBOR Rate Advance to occur before the last day of an Interest Period (it being agreed that, if such prepayment occurs despite such best efforts, such prepayment shall be subject to Subparagraph 2(b)(iv) below).

(b) Agreements Relating to Interest Accruing at a Rate Based Upon the LIBOR Rate.

(i) If, after the date of this Note, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any central bank or other governmental authority charged with the interpretation or administration thereof, or compliance by the Lender with any request or directive (whether or not having the force of law) of any such authority shall make it unlawful or impossible for the Lender to make, maintain or fund loans using the LIBOR Rate, Lender shall forthwith give notice thereof to the Borrower. As of the date of receipt of such notice, Advances shall no longer bear interest based upon the LIBOR Rate, and the applicable interest rate for all existing LIBOR Rate Advances (to the extent it is unlawful or impossible to maintain such existing LIBOR Rates at the LIBOR Rate), shall be the Prime Rate plus 1/2% per annum (even though the current Interest Period has not expired); provided that as to outstanding LIBOR Rate Advances, Borrower

shall have the option to prepay in full without notice, penalty or fee each such LIBOR Rate Advance together with accrued interest thereon, even though the Interest Period with respect to such LIBOR Rate may not have expired.

(ii) If due to either: (i) the introduction of or any change (including, without limitation, any change by way of imposition or increase of capital adequacy or reserve requirements) in or in the interpretation of any law or regulation or (ii) the compliance by the Lender with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to the Lender of agreeing to make or making, funding or maintaining Advances at the LIBOR Rate, then the Borrower shall from time to time, upon demand by Lender, pay to Lender additional amounts sufficient to indemnify the Lender against such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower by Lender in good faith, shall be conclusive. It shall be assumed, for purposes of computing any increased cost pursuant to this paragraph that (i) the making and maintaining of each LIBOR Rate Advance has been by the Lender through the principal office of the Bank in London, and (ii) the funding of each LIBOR Rate Advance by the Lender has been made through the London interbank market.

(iii) All payments of principal of and interest on each LIBOR Rate Advance shall be made without deduction for any present and future taxes, levies, imposts, deductions, charges or withholdings (other than any tax on or measured by the net income of Lender or the consolidated net worth of Lender or its affiliates), which amounts shall be paid by the Borrower. All stamp and documentary taxes, if any, shall be paid by the Borrower. If, notwithstanding anything in this Paragraph 2(b)(iii) to the contrary, Lender is required by law to pay any such taxes, the Borrower will, upon request, reimburse Lender for the amount paid. The Borrower will, upon request, furnish to Lender official tax receipts or other evidence of payment of all such taxes.

(iv) If, whether by acceleration or otherwise, (i) any payment of a LIBOR Rate Advance occurs on a date which is not the last day of an Interest Period, or (ii) a LIBOR Rate Advance is not made on the date specified in a notice to Lender under this Note, Borrower will indemnify Lender for any losses or costs incurred by Lender resulting therefrom, including, without limitation, any loss in liquidating or employing deposits required to fund or maintain the LIBOR Rate Advance.

(c) Usury Limit. Notwithstanding anything herein to the contrary, if
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at any time the Contract Rate exceeds the Maximum Legal Rate, then the rate of interest payable hereunder shall be limited to the Maximum Legal Rate.

(d) Default Rate. Notwithstanding any other provisions hereof,
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during any period in which there exists an uncured Event of Default all amounts then outstanding hereunder or under the Transaction Documents (as hereinafter defined), including interest, if permitted by applicable law, shall, at the option of Lender, bear interest at an annual rate (the "Default Rate") equal to the lesser of (i) an annual rate equal to four percent (4%) in excess of the Prime Rate, as it may fluctuate from time to time, but in any event not less than 12% per annum or (ii) the Maximum Legal Rate. All such interest which accrues at the Default Rate shall be due and

payable on demand. During any time in which the Default Rate is in effect, Lender may, at its sole option, collect interest at a rate which is less than the Default Rate, however any such forbearance on the part of Lender, or any demand by Lender for less than the full amount of interest at the Default Rate, shall not constitute a waiver of Lender's right to insist on the payment in full of all interest accruing at the Default Rate both with respect to the period of forbearance or any later period, and same shall not constitute or imply any consent to a reduction in the Default Rate.

(e) Computation. All interest hereunder shall be calculated on a daily basis and will be accrued on the number of days funds are actually outstanding. All changes in the Interest Rate resulting from a change in the Contract Rate or Maximum Legal Rate, as the case may be, shall be effective on the day the Contract Rate or Maximum Legal Rate changes without notice to Maker, such notice being expressly hereby waived. If the rate to be charged is to be determined by reference to the Contract Rate, then the interest due for any particular day shall be determined by multiplying the amount on which interest is due for that day by the applicable annual rate and dividing by 360 days; provided, however, that if such interest rate would exceed interest at the Maximum Legal Rate, then the interest due for any particular day shall be determined by multiplying the amount on which interest is due for the day by the Maximum Legal Rate and dividing by 365 days (or 366 days in a leap year).

3. Payment of Principal and Interest. On the first day of the first calendar month hereafter and on the first day of each month thereafter prior to the Maturity Date, Borrower shall make monthly payments of all interest accrued upon the outstanding principal balance of the loan evidenced by this Note from time to time, from the date or dates of disbursement of loan funds, at the rate aforesaid. Prior to the end of each month, Lender shall forward written notice to Borrower stating the amount of the monthly interest payment due as of the first day of the following month. If a payment is not received within fifteen (15) days after it is due, then such a delinquency shall constitute an Event of Default, at the option of Lender. All accrued and unpaid interest shall be due and payable on the Maturity Date.

If any payment due hereunder shall be received and accepted by Lender after the tenth (10th) day on which it is due, a late payment charge of five percent (5%) of the amount due may be charged by the holder hereof for the purpose of defraying the expense incident to handling such delinquent payment.

4. Transaction Documents. This Note is issued in connection with, and is entitled to the benefits of, the following instruments by and between Borrower's predecessor in interest and Lender's predecessor in interest dated as of March 29, 1999, as amended by an Assumption and Modification Agreement of even date herewith between Meridian Tulsa L.L.C., Borrower and Lender (collectively, the "Transaction Documents"): (a) a Mortgage and Security Agreement and Fixture Financing Statement (the "Mortgage") granted to Lender by Borrower upon real estate and property interests therein described; (b) an Assignment of Rents, Leases, and Profits pertaining to the mortgaged property; (c) a Loan Agreement; and (d) a Collateral Assignment of

Contracts and Development Rights. The terms and conditions of the Transaction Documents are made a part hereof and incorporated herein by this reference.

This Note represents an extension; continuation and modification of the loan originally made pursuant to the Loan Agreement and does not constitute a novation. The indebtedness evidenced by this Note is entitled to the benefit of the security provided by the Transaction Documents without diminution in priority of any lien or security interest granted thereunder.

5. Prepayments. This Note may only be prepaid in whole or in part at any

time without premium or penalty.

6. Default. If an Event of Default shall occur then, in any or all such events, the entire amount of principal of this Note with all interest then accrued, at the option of the holder of this Note and without notice (except any notice required pursuant to Paragraph 7.2 of the Mortgage), shall become and be due and payable, time being of the essence of this agreement. The Lender may proceed to protect and enforce its rights by suit in equity, action at law and/or by any other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Note, in aid of the exercise of any power granted in this Note, or may proceed to enforce payment of this Note, or to enforce any other legal or equitable right.

If this Note shall not be paid at maturity or strictly as above provided, then it may be placed in the hands of an attorney-at-law for collection, and in that event each party liable for the payment hereof, as maker, endorser, guarantor, or otherwise, hereby agrees to pay the holder hereof, in addition to the sums above stated, a reasonable sum as an attorney's fee for such collection and costs of collection. This Note shall be construed in all respects and enforced according to the laws of the State of Oklahoma.

7. Waiver. The Borrower and all other parties who may be or become liable under this Note, for themselves and for their respective heirs, personal representatives, successors, and assigns, hereby (a) severally waive presentment for payment, protest, and demand, notice of protest, demand, and dishonor, and nonpayment of this Note, and (b) consent that the holder hereof may extend the time of payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced by this Note. Such consent shall not alter nor diminish the liability of the undersigned or of said other parties who may be or become personally liable under this Note.

8. Limitation on Liability. Except as provided below, Borrower shall not be personally liable for amounts due under the this Note or the other Loan Documents. Borrower shall be personally liable to Lender for any deficiency, loss or damage suffered by Lender because of: (a) the misapplication by Borrower of any funds derived from the Project, including security deposits, insurance proceeds and condemnation awards; (b) any fraud or misrepresentation by Borrower made in or in connection with the Loan Documents or the Loan; (c) Borrower's collection of rents more than one month in advance or entering into or

modifying leases, or receipt of monies by Borrower in connection with the modification of any leases, in violation of any of the Loan Documents; (d) Borrower's failure to apply proceeds of rents or any other payments in respect of the leases and other income of the Project or any other collateral to the costs of maintenance and operation of the Project and to the payment of taxes, lien claims, insurance premiums, debt service and other amounts due under the Loan Documents; (e) Borrower's interference with Lender's exercise of rights under the Assignment of Rents and Leases; (f) Borrower's failure to maintain insurance as required by the Loan Documents or to pay any taxes or assessments affecting the Project; (g) damage or destruction to the Project caused by the acts or omissions of Borrower, its agents, employees, or contractors; or (h) Borrower's obligations with respect to environmental matters under Article 9 of the Mortgage. Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, to file a claim for the full amount due to Lender under the Loan Documents or to require that all collateral shall continue to secure the amounts due under the Loan Documents.

IN WITNESS WHEREOF, this Note has been executed as of the day and year first above written.

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

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

By:_____
Its:_____

EXHIBIT 10.43

LEASE AGREEMENT

FOR THE METRIS BUILDING

LEASE AGREEMENT

by and between

MERIDIAN PROPERTIES REAL ESTATE DEVELOPMENT LLC

and

METRIS DIRECT, INC.

(Dated: March 3, 1999)

Tulsa, Oklahoma

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), made this 3/rd/ day of March 1, 1999 between MERIDIAN TULSA L.L.C., an Oklahoma limited liability company ("Landlord") and METRIS DIRECT, INC., a Delaware corporation ("Tenant").

RECITALS

1. Landlord desires to furnish the design and construction of a facility to be leased to Tenant on property owned or to be owned by Landlord, in accordance with the terms and subject to the conditions of this Lease.

2. Tenant desires to have constructed and to lease from Landlord a facility in accordance with the terms and subject to the conditions contained in this Lease.

FOR AND IN CONSIDERATION of the mutual covenants contained in this Lease, Landlord and Tenant (sometimes referred to herein as the "parties") agree as follows:

Section 1. Property Acquisition. Landlord shall design, construct and lease to Tenant, and Tenant shall lease from Landlord, the parcel or parcels of land located in Tulsa, Oklahoma, and described in Exhibit A (the "Land"), together with the Landlord's Improvements (as defined in Section 2) to be constructed on the Land in the locations depicted on Exhibit B, in accordance with the terms of this Lease (the Land and the Landlord's Improvements being sometimes referred to herein collectively as the "Demised Premises"). Provided, however, it is an express condition precedent to Tenant's obligations hereunder that Landlord shall have acquired, prior to the commencement of Landlord's Improvements, good and clear title to the Land on the terms and conditions set forth in that certain Purchase and Sale Agreement (the "Purchase Agreement"), by and between Landlord, as purchaser thereunder, and Amberjack, Ltd., an Arizona corporation, as Seller thereunder, subject only to the Permitted Encumbrances [as defined in Section 21(b)] on or before March 30, 1999. Landlord and Tenant

agree that the acquisition of the Land shall not occur until all zoning and land use approvals have been received from the applicable governmental authorities. In the event acquisition of the Land does not occur on or before March 30, 1999, the provisions of that certain Indemnity Agreement by the between Landlord and Tenant shall control, and this Lease shall terminate with no further rights or obligations of either party hereunder.

Landlord and Tenant agree that Landlord shall have the right to subdivide the Land and exclude from the Demised Premises the unimproved area of the Land as depicted on Exhibit B, as a separate parcel provided (i) Tenant shall consent to Landlord's request to perform such subdivisions which consent may be withheld or granted in Tenant's sole discretion, (ii) such subdivision shall not diminish Tenant's rights under this Lease or in any manner impair Tenant's use and enjoyment of the remainder of the Demised Premises, and (iii) Landlord shall record against the subdivided property for the benefit of the remainder of the Demised Premises any and

all easements and rights of way necessary to preserve Tenant's use and enjoyment of the remainder of the Demised Premises and upon delivery of notice to Tenant, said parcel shall thereafter not be a part of the Land or the Demised Premises.

Section 2. Construction of Improvements.

(a) Landlord's Improvements. Landlord agrees to furnish, at Landlord's sole cost and expense, all of the architectural design, engineering, material, labor, and equipment for the construction on the Land of the improvements specified on the Outline Plans and Specifications which are attached hereto and made a part hereof as Exhibit C (hereinafter called "Landlord's Improvements") which include, without limitation, an approximately 100,000 square foot two-story office building and operations center, and all on-site and off-site improvements shown on the plans and specifications and required for the operation of the Demised Premises as an office building and operations center, substantially as depicted on Exhibit B, including but not limited to (i) all off-site and on-site land clearance, land balancing and gradings; (ii) all road improvements including acceleration and deceleration lanes and signals (mechanical or otherwise) for the control of vehicular and pedestrian traffic (if required); (iii) all utility extensions to the Demised Premises, including, but not limited to, all storm sewers, water mains, storm drains, and retention basins; (iv) all entrances, exits, driveways, roadways, service drives, parking areas, curbing and sidewalks for automotive and pedestrian ingress and egress to and from the Demised Premises and adjacent public streets and highways; (v) landscaping and all on-site traffic and parking lot striping and control signs, lighting and any fencing or screening walls; and (vi) the procurement of all building and other permits and approvals necessary for constructing Landlord's Improvements but only as and to the extent more particularly described in the Outline Plans and Specifications. It is the intent of the parties that the Landlord's Improvements, which shall be provided by Landlord at its sole cost and expense, shall result in the delivery of a turnkey facility ready for installation of Tenant's personal property and equipment. Landlord shall diligently prosecute Landlord's Improvements, in a first-class and good and workerlike manner, using good materials, in accordance with the Final Plans and Specifications and with the Construction Schedule (as hereinafter defined), and in compliance with all applicable laws, statutes, building codes, governmental rules, regulations, and orders of the federal, state and municipal governments, or any department or division thereof.

Landlord agrees to cause final plans and specifications to be prepared in accordance with the Outline Plans and Specifications and to submit the same to Tenant within forty-five (45) days from execution of this Lease for its approval. Tenant shall review said final plans and specifications within seven (7) days of submittal and approve and/or comment on same to Landlord. If Tenant does not respond to Landlord's submission of the final plans and specifications within such seven (7) day period, then Tenant shall be deemed to have approved the same. If Tenant responds by making reasonable comments to the proposed

final plans and specifications, then Landlord shall revise the final plans and specifications in accordance with Tenant's comments and resubmit them to Tenant for approval within seven (7) days from the date

of receipt of written comments from Tenant. Tenant shall have seven (7) days to approve such revised final plans and specifications. Each day beyond such seven (7) day period shall be added to the time period allotted to Landlord for the completion of Landlord's Improvements. Tenant agrees that it will not withhold its approval except for just and reasonable cause and will not act in an arbitrary or capricious manner with respect to the approval of the final plans and specifications. The final plans and specifications may be completed in parts (e.g. mechanical plans and specs, etc.) and provided to Tenant for review in such a manner and Tenant shall have the time period set forth about for review and approval of each such partial submittal. The final plans and specifications approved by Landlord and Tenant pursuant to this Section 2.(a) shall hereinafter
be referred to as the "Final Plans and Specifications." Upon due approval said Final Plans and Specifications shall be in lieu of and shall replace Exhibit C
except as to nonconstruction matters contained in Exhibit C which are not
inconsistent with and which are not expressly and specifically superseded by said Final Plans and Specifications. Prior to, or at the time of, completion of the Final Plans and Specifications, Landlord and Tenant shall agree upon a schedule for the completion of the various components of Landlord's Improvements (the "Construction Schedule") which shall become a part of this Lease as Exhibit D. Landlord agrees to appoint competent personnel to work with Tenant in the preparation of the Final Plans and Specifications and Tenant agrees to appoint an employee of Tenant or other competent personnel to review the Final Plans and Specifications so as not to unreasonably delay completion of the Landlord's Improvements. In the event there are substantial changes in the construction of the Landlord's Improvements from the Final Plans and Specifications as a result of Tenant change orders, Landlord agrees to provide Tenant with "as-built" drawings of the Demised Premises within ninety (90) days of substantial completion. When Landlord requests Tenant to specify details or layouts, Tenant shall provide such details or layouts to Landlord within the time period requested following Tenant's receipt of a written request therefor from Landlord which specifies the information required by Landlord and provides the relevant back-up information to enable Tenant to comply with such request on a timely basis. Landlord shall provide Tenant with two (2) days advance written notice of late response prior to such delay being deemed "Tenant's Delay" herein. Each day beyond Landlord's written notice requesting a response shall be added to the time period allotted to Landlord for the completion of Landlord's Improvements or in the event Tenant's delay causes delays in Landlord's schedule in excess or disproportionate to the days of Tenant's delay and said disproportionate delay was detailed in said notice to Tenant, Landlord's time period for completion of the Landlord's Improvements shall be extended for the period resulting from Tenant's delay. Tenant's response to such request by Landlord shall be not inconsistent with the provisions of the Final Plans and Specifications, so as not to delay completion of the Landlord's Improvements. In any event, the Commencement Date shall occur as set forth in Section 3 if, any delay in substantial completion, is the result of Tenant delay.

(b) Total Project Costs. In the event the Total Project Costs (as defined in that certain letter between Landlord and Tenant of even date herewith) exceed Ten Million One Hundred Ten Thousand and NO/100 Dollars ($10,110,000.00), Tenant shall pay such excess amount to Landlord. In the event that the Total Project Costs are less than $10,110,000.00, Landlord shall pay the amount of such difference to Tenant. Upon substantial completion of construction, Landlord shall furnish to Tenant a breakdown of Total Project Costs together with

such substantiation thereof as may be reasonably requested by Tenant. Any amount owing by Tenant to Landlord or by Landlord to Tenant shall be paid within ten (10) days after the Commencement Date, provided however, any increase in costs which would result in the construction lender requiring that Landlord contribute additional equity to the Project, shall be paid by Tenant when required by said Lender.

(c) Completion Date. For purposes of this Lease, the "Possession Date" shall mean and refer to the later of: (i) the date that Landlord's Improvements are completed (other than punch list items as provided in Section 2.(g) below), (ii) the date that Landlord delivers to Tenant a certificate of occupancy (whether temporary or permanent) which allows Tenant to conduct its business operations in the Demised Premises provided, however, if the certificate of occupancy is temporary, Tenant need not accept possession unless, in Tenant's reasonable discretion, Landlord will be able to comply with the conditions set forth in said temporary certificate of occupancy required to make it a permanent certificate of occupancy, and (iii) the date that Landlord tenders possession of the Demised Premises to Tenant. Landlord shall diligently proceed with the construction of Landlord's Improvements, shall do so in accordance with the Construction Schedule and, shall use all reasonable efforts to complete the same and cause the Possession Date to occur, in any event, on or before December 1, 1999, plus such number of days as the Possession Date is delayed due to Tenant's Delay (defined below) or Force Majeure (defined in Section 29.(n)) (the "Expected Completion Date"). If the Possession Date does not occur on the Expected Completion Date (plus such number of days as the Possession Date is delayed due to Tenant Delay or Force Majeure), then Tenant shall be entitled to receive from Landlord any and all liquidated damages collected or collectable from Landlord's General Contractor, as a result of such late delivery. Landlord agrees to immediately assign its rights to said general contractor penalties immediately upon request of Tenant, or will, in the alternative use all reasonable efforts to collect any penalties due.

(d) Tenant Delay. For purposes of this Section 2, "Tenant Delay" shall mean any delay in Landlord's Improvements which occurs as the result of (i) any request by Tenant either that Landlord perform any work in addition to Landlord's Improvements, or that Landlord delay in the commencement or completion of Landlord's Improvements for any reason, (ii) any change by Tenant to the Final Plans and Specifications after final approval thereof, (iii) any failure of Tenant within three (3) days of written notice from Landlord, to respond to any request for approval required hereunder within the time period specified by Landlord for such response or, where no response time is specified, within a reasonable period of time after receipt of request therefor, or (iv) any delay in Landlord's Improvements caused by the installation of Tenant's fixtures in the Demised Premises prior to the Commencement Date (as defined in Section 3).

(e) Construction Matters.

(i) Landlord's Representative. Landlord agrees that it shall identify in writing to Tenant a representative of the Landlord who shall have general responsibility for the supervision, management and completion of Landlord's Improvements, and to whom Tenant may

direct all inquiries regarding Landlord's Improvements, the scheduling of Landlord's Improvements, and the scheduling for Tenant's installation of its fixtures and equipment in the Demised Premises.

(ii) Tenant's Representative. Tenant shall appoint a Tenant's representative who shall have the right to inspect the performance of Landlord's Improvements, and to notify Landlord in writing if said performance does not conform to the Final Plans and Specifications or the Construction Schedule. If there is a disagreement as to whether such performance substantially conforms to the Final Plans and Specifications or the Construction Schedule which cannot be resolved by the parties within seven (7) days after Landlord's receipt of such notice, the mutual decision of the Landlord's and Tenant's architects shall control.

(iii) Change Orders. After Tenant has approved Final Plans and Specifications, Tenant may nonetheless submit proposed change orders for Landlord's Improvements to Landlord for Landlord's approval, which approval shall not be unreasonably withheld or delayed provided Tenant agrees to pay any increase in construction cost for Landlord's Improvements (which shall not include any mark-up or overhead of Landlord) as a result of such change order. Landlord shall provide Tenant with the contractor's price for said change order for Tenant's approval before such change order is released to the contractor for construction. Any change orders which cause delays in the Construction Schedule shall act to extend the Construction Schedule accordingly.

(f) Notice of Delivery. Landlord shall keep Tenant advised of the date on which Landlord reasonably expects Landlord's Improvements at the Demised Premises to be substantially completed. Prior to such date, Landlord and Tenant, or their representatives, shall inspect the Demised Premises. Unless notice is given by Tenant to the contrary within three (3) business days after such inspection, Tenant shall be deemed to have accepted the Demised Premises in their condition at the time of Tenant's inspection and as being in the condition in which Landlord is required to deliver the Demised Premises in accordance with this Lease.

(g) Punch List. If, as a result of Tenant's inspection of the Demised Premises, Tenant discovers deviations or deficiencies from the Final Plans and Specifications for Landlord's Improvements, Tenant may deliver a list of such deviations or deficiencies ("punch list") to Landlord within twenty (20) days of the Possession Date. The existence of a punch list shall not postpone the Possession Date as long as the items to be completed on the punch list do not delay or interfere with Tenant's installation of its equipment, fixtures, personal property and furniture and the commencement of its business operations within the Demised Premises or otherwise

materially adversely affect Tenant's use and enjoyment of the Demised Premises without undue interference from Landlord's contractors. Landlord shall use all reasonable efforts to correct or cure such deviations or deficiencies within thirty (30) days after Landlord receives the punch list and in any event shall complete said punch list within ninety (90) days of receipt of said punch-list. Landlord shall commence to correct or cure such deviations and deficiencies as soon as reasonably possible under the circumstances and thereafter proceed with due diligence to complete such items. Landlord may enter the Demised Premises at any reasonable time to correct or cure such deviations or deficiencies, provided Landlord takes reasonable precautions to avoid interfering with Tenant's activities or Tenant's business operations at the Demised Premises.

(h) Early Entry by Tenant. Notwithstanding anything to the contrary contained in this Lease, except for delays in the completion of Landlord's Improvements resulting from a Tenant Delay, Tenant shall not be liable to

Landlord for the payment of Base Rent or any other payment under this Lease until the Landlord's Improvements are substantially completed (subject to Section 2.(g) regarding punch list items) and Landlord's Improvements ready for any work required of Tenant. If the Landlord's Improvements are not so completed but are partially ready for occupancy, Tenant may, but need not, occupy the portion of the Demised Premises that is ready for occupancy, and in the event of such occupancy Tenant shall pay to Landlord only the pro rata portion of the full Base Rent and equitably based upon the area of Landlord's Improvements occupied by Tenant, and the other terms of this Lease shall apply with respect to, and to the extent of, such occupancy or use of the Landlord's Improvements by Tenant. In the event of occupancy of a partial portion of the Demised Premises, the Initial Term of the Lease shall not commence until the date that Tenant is tendered possession of all or substantially all of the Demised Premises with Landlord's Improvements complete and Landlord has delivered to Tenant a certificate of occupancy allowing Tenant's use of the Demised Premises as intended. Tenant shall be allowed to install, subject to local building codes, its machinery, equipment, fixtures and other personal property in the Landlord's Improvements during the final stages of completion of construction of Landlord's Improvements provided that Tenant does not thereby interfere or delay the completion of construction of Landlord's Improvements.

(i) Guarantees. Landlord unconditionally guarantees all work performed by or for Landlord in connection with the Landlord's Improvements beginning as of the date of execution of this Lease and continuing to the date which is one (1) year after [other than punch list items described in Section 2(g)] the Commencement Date. At the expiration of the foregoing Warranty Period, Landlord shall assign to Tenant, and Tenant shall have the benefit of, any and all guarantees of workmanship and materials which Landlord may receive with respect to such Landlord's Improvements. Landlord's Improvements shall be considered substantially completed at such time as the municipality having jurisdiction thereof issues a permanent certificate of occupancy (or, in the alternative, a temporary certificate of occupancy with conditions therein acceptable to Tenant in its reasonable discretion) permitting Tenant to occupy the Demised Premises and conduct its business operations therefrom, and Landlord's Improvements are completed except for punch list items, which shall be completed by Landlord in accordance with Section 2.(g); provided, however, the issuance of a certificate of occupancy shall not be a condition to payment of rent or commencement of the Initial Term if failure to secure such

certificate or action is caused by the act or omission of Tenant. From and after the expiration of the Warranty Period, Landlord agrees to cooperate with Tenant in the enforcement by Tenant, at Tenant's sole cost and expense, of any express warranties or guarantees of workmanship or materials given by subcontractors, architects, draftsmen, or materialmen that guarantee or warrant against defective design, workmanship or materials for a period of time in excess of the respective warranty periods. Save and except for the foregoing guarantees which Landlord shall be obligated to uphold, Tenant, upon commencement of the Initial Term, shall have and hold the Demised Premises as the same shall then be without any liability or obligation on the part of Landlord for making any alterations, improvements or repairs of any kind in or about the Demised Premises for the term of this Lease, or any extension or renewal thereof and Tenant agrees to maintain the Demised Premises and all parts thereof in a good and sufficient state of repair and as required under this Lease, other than with respect to the items which are herein guaranteed by Landlord and which Landlord shall be required to repair, maintain, replace, improve and alter during the terms of such guaranty.

(j) Construction Budget. At such time as the Landlord and Tenant shall agree upon the Final Plans and Specifications, Landlord and Tenant shall jointly prepare a mutually agreeable budget for the total cost to complete the Landlord's Improvements (the "Construction Budget"), which such Construction Budget shall be utilized in connection with, among other purposes, the Landlord's efforts to secure a construction loan for the performance of

Landlord's Improvements on terms and with a financial institution or other lending entity acceptable to Tenant. Landlord shall perform the Landlord's Improvements substantially in accordance with the Construction Budget. During and following the completion of construction, in connection with making draws under the Landlord's construction loan or otherwise, Landlord shall provide Tenant with access to all of Landlord's records with respect to Landlord's Improvements and provide Tenant and its representatives with all supporting documentation and certifications Tenant may reasonably request to verify Landlord's actual costs, promptly upon request therefor by Tenant. Landlord and Tenant have agreed upon the preliminary construction budget. Landlord agrees to provide copies of all draw requests to Tenant and, upon the written request of Tenant, Landlord agrees that thereafter all draws be approved prior to payment by Tenant. Tenant agrees, in such event, to timely review said draw requests so as not to delay payment thereunder.

(k) Mechanics' Liens. Landlord shall indemnify and defend Tenant against, and save Tenant and the Demised Premises, and any portion thereof, harmless from, all losses, costs, damages, expenses, liabilities, suits, penalties, claims, demands and obligations, including, without limitation, reasonable attorneys' fees resulting from the assertion, filing, foreclosure or other legal proceedings with respect to any mechanic's lien or other lien for labor, services, materials, supplies, machinery fixtures or equipment furnished to the Demised Premises in the performance of Landlord's Improvements.

Section 3. Initial Term.

(a) Subject to the provisions of Section 2.(b), the Initial Term of
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the Lease (the "Initial Term") shall commence on January 1, 2000 (the "Commencement Date") and shall

extend for ten (10) years ending on the last day of the month ten (10) full years after the Commencement Date (the "Expiration Date"), unless extended pursuant to Section 4 or earlier terminated pursuant to the terms of this Lease.

The phrase "Lease term" or "term of this Lease," as used in this Lease, shall be the term of this Lease and any extension thereof pursuant to Section 4.

(b) Renewals: Tenant shall have the right, subject to the provisions hereinafter provided, to extend the term of this Lease for two (2) successive periods of five (5) years each on the terms and provisions of this Article provided, each such five (5) year renewal period being sometimes herein referred to as a "Renewal Term" (and collectively referred to as "Renewal Terms"). The conditions to such renewals shall be as follows:

(i) That this Lease is in full force and effect and Tenant is not in default in the performance of any of the terms, covenants and conditions herein contained, in respect to which notice of default has been given hereunder which has not been or is not being remedied in the time limited in this Lease, at the time of exercise of the right of renewal, but Landlord shall have the right at its sole discretion to waive the non-default conditions herein;

(ii) That each such Renewal Term shall be on the same terms, covenants and conditions as in this Lease provided; provided, however, that annual Base Rent for each such Renewal Term shall be the fair market base rent for said space on the date such Renewal Term shall commence in relation to comparable (in quality and location) office space located in the relevant market area which shall be deemed to be suburban Tulsa, Oklahoma. The fair market base rent of the Premises shall be determined as of the date twelve (12) months prior to commencement of the applicable Renewal Term. Provided Tenant has properly elected to renew the term of this Lease, and if Landlord and Tenant fail to

agree at least eleven (11) months prior to commencement of the applicable Renewal Term upon the fair market base rent of the Demised Premises, the amount of the fair market base rent of the Demised Premises shall be determined by arbitration in accordance with the provisions of Section 5(c) hereof. The fair market base rent of the Demised Premises shall be based upon the highest and best use of the Demised Premises. In no event shall the Base Rent of the Demised Premises for either Renewal Term be less than the Base Rent payable by Tenant under the terms of this Lease immediately prior to commencement of such applicable Renewal Term.

(iii) That Tenant shall exercise its right to a Renewal Term provided herein, if at all, by notifying Landlord in writing of its election to exercise the right to renew the term of this Lease no later than the date one (1) year prior to the date of commencement of the applicable Renewal Term. Upon notification with respect to such renewal, Landlord shall, within ten (10) days of receipt thereof, provide Tenant notice of the Base Rent proposed for the applicable Renewal Term and for a period of twenty (20) days thereafter, the parties hereto shall make a good faith effort to agree upon the fair

market Base Rent of the Premises for such Renewal Term. Any agreement reached by the parties hereto with respect to such fair market Base Rent of the Premises for such renewal term shall be expressed in writing and shall be executed by the parties hereto, and a copy thereof delivered to each of the parties. In the event Landlord and Tenant fail, using good faith efforts, to reach agreement as to the fair market base rent for the Demised Premises, within said twenty (20) day period, Tenant may, within five (5) days of expiration of said twenty (20) day period, revoke its exercise of the Renewal Term by written notice to Landlord and the rights of Tenant to renew the Lease for the Renewal Terms shall thereafter immediately terminate and be of no further force or effect, or in the alternative, Tenant may within said five (5) day period elect to have the fair market base rent for the Premises for such Renewal Term determined by arbitration in the manner set forth in Section 5(c) ("Arbitration") hereof. However, such arbitrators shall be directed to determine the fair market base rent for the Premises as above provided and in determining same said appraisers shall be instructed to make said appraisal independently, without consulting with each other. Upon an established date at an established time all three (3) arbitrators shall simultaneously submit their determinations as to fair market Base Rent, such determinations to be submitted in sealed envelopes and to be opened jointly by Landlord and Tenant. The fair market base rent for the Renewal Term shall be determined by averaging the two (2) arbitrators' fair market Base Rent determinations which are closest in amount to each other (or if one appraisal is less than one of the other appraisals and more than the other appraisal by the same amount, all three appraisals shall be averaged).

(c) Arbitration: Any disagreement, dispute or determination required by or arising under the provisions of Section 5(b) or Section 37 of this Lease requiring arbitration shall be carried on and concluded in accordance with the provisions of paragraphs (i) and (ii) hereof:

(i) In each case where it shall become necessary to resort to arbitration, and the subject of the arbitration is to determine fair market base rent or fair market value of the Demised Premises, all arbitrators appointed by or on behalf of either party or appointed pursuant to the provisions hereof shall be MAI members of the American Institute of Real Estate Appraisers with not less than ten (10) years of experience in the appraisal of improved commercial and industrial real estate in the Tulsa, Oklahoma metropolitan area and be devoting substantially all of their time to professional appraisal work at the time of

appointment and be in all respects impartial and disinterested.

(ii) The party desiring such arbitration shall give written notice to that effect to the other party, specifying in such notice the name, address and professional qualifications of the person designated to act as arbitrator on its behalf. Within twenty (20) days after service of such notice, the other party shall give written notice to the party desiring such arbitration specifying the name, address and professional qualifications of the person designated to act as

arbitrator on its behalf. If the two (2) arbitrators so selected cannot agree within fifteen (15) days after the appointment of the second arbitrator, the two (2) arbitrators shall, within ten (10) days thereafter, select a third arbitrator. The decision of the arbitrators so chosen shall be given within a period of thirty (30) days after the appointment of such third arbitrator. Each party shall pay the fees and expenses of the arbitrator appointed by or on behalf of such party and the fees and expenses of the third arbitrator shall be borne equally by both parties. If the party receiving a request for arbitration fails to appoint its arbitrator within the time above specified, or if the two (2) arbitrators so selected cannot agree on the selection of the third arbitrator within the time above specified, then either party, on behalf of both parties, may request such appointment of such second or third arbitrator, as the case may be, by application to any Judge of the District Court of the County in which the Land is located in the State of Oklahoma, upon ten (10) days prior written notice to the other party of such intent. The arbitrators so selected shall have all rights and powers conferred on them by the Uniform Arbitration Act of the state in which the Premises are situated, and except as otherwise provided for herein, the arbitration proceedings shall be carried on and governed by such Act.

Section 4. Renewal of Initial Term. Intentionally Deleted.

Section 5. Base Rent and Additional Rent.

(a) Base Rent. In consideration of the leasing of the Demised Premises and construction of Landlord's Improvements, Tenant shall pay to Landlord for the Demised Premises annual Base Rent ("Base Rent") as set forth hereinbelow, payable in equal installments in advance on the first day of each month during the Lease term, with the first installment of Base Rent due on the Commencement Date. If the Commencement Date falls on a day other than the first day of a month, the Base Rent for the first month of the Initial Term shall be prorated accordingly.

Year of Term	Annual Base Rent	Monthly Base Rent
1-5	$1,187,925.00	$ 98,993.75
6-10	$1,306,717.50	$108,893.13

(b) Additional Rent - Taxes.

(i) Tenant covenants and agrees to pay, during the term of this Lease, as "Additional Rent," all ad valorem real estate taxes and assessments, general or specific, levied

against and attributable to the Land and improvements thereon during the Lease Term (all of which are sometimes herein referred to as "Impositions") which, subsequent to the Commencement Date at any time thereafter during

the Lease term are assessed, levied, confirmed, imposed upon, and become due and payable against the Demised Premises, or any portion thereof, or the rents or income therefrom, but only for and with respect to the period during the Lease term to which they are attributable. Tenant shall pay all special (or similar) assessments for public improvements or benefits which, during the term of this Lease shall be laid, assessed, levied or imposed upon and become payable or become a lien and payable upon the Demised Premises, or any portion thereof; provided, however, that if by law any special assessment is payable (without default) or, at the option of the owner, may be paid (without default) or, at the option of the owner, may be paid (without default) in installments (whether or not interest shall accrue on the unpaid balance of such special assessment), Tenant may pay the same, together with any interest accrued on the unpaid balance of such special assessment, in installments as the same respectively become payable and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and the interest thereon. Tenant shall pay all special assessments or installments thereof (including interest accrued thereon), whether heretofore or hereafter laid, assessed, levied or imposed upon the Demised Premises, or any portion thereof, which are due and payable during the term of this Lease, but only for and with respect to the period during the Lease term to which they are attributable. Landlord agrees to request that any special assessment be made payable over the longest period allowed by the taxing authority. Landlord shall pay all installments of special assessments (including interest accrued on the unpaid balance) which are payable prior to the Commencement Date and after the Expiration Date of the term of this Lease, together with those which are not attributable to the period during the Lease term. Tenant shall pay all real estate taxes, whether heretofore or hereafter levied or assessed upon the Demised Premises, or any portion thereof, which are due and payable and allocable during the term of this Lease. Anything herein to the contrary notwithstanding, Landlord shall pay that portion of the real estate taxes and installments of special assessments due and payable in respect to the Demised Premises during the year the term commences and the year in which the term ends which the number of days in said year not within the term of this Lease bears to three hundred sixty-five (365), and Tenant shall pay the balance of said real estate taxes and installments of special assessments during said years.

(ii) If, at any time during the term of this Lease, any method of taxation shall be such that there shall be levied, assessed or imposed on Landlord, or on the Base Rent or Additional Rent, or on the Demised Premises, or any portion thereof, an Imposition measured or based upon the rents or rental income derived from the Demised Premises, such amount shall be payable by Tenant. Nothing in this Lease contained shall require Tenant to pay any municipal,

state or federal capital levy, estate, succession, income, inheritance, transfer, sales and use, excess profit recording, franchise, capital or other tax or assessment, single business tax or any other value added or modified value added tax imposed upon Landlord personally or, except as hereinabove specifically set forth, upon the rentals payable under this Lease, all of which shall be the obligation of Landlord.

(iii) Landlord shall furnish to Tenant written notification of any Impositions payable by Tenant under this Lease not later than thirty (30) days prior to the date such Impositions shall be due and such notification shall be accompanied by a copy of the tax bill or certificate and such additional information as Tenant may reasonably require to show how "Tenant's Proportionate Share" (as hereinafter defined) of such Impositions was calculated. Tenant shall furnish to Landlord, within thirty (30) days after the date upon which any Imposition or other tax, assessment, levy or charge is paid by Tenant, a copy of the paid tax bill for the Demised Premises.

(iv) At Landlord's written demand after any monetary default beyond cure periods herein, or at the written request of any Mortgagee (herein "Mortgagee" shall mean the holder of any first deed of trust, or first mortgage on or against the Demised Premises placed on the property by Landlord) delivered to Tenant and acknowledged by Landlord, Tenant shall pay to Landlord or such Mortgagee, as the case may be, the amount, or the amount estimated by Landlord in good faith, of yearly Impositions payable by Tenant with respect to the Demised Premises in monthly payments equal to one-twelfth (1/12) of the known or so estimated yearly Impositions next payable with respect to the Demised Premises. From time to time Landlord may in good faith estimate the amount of Impositions and, in such event, Landlord shall notify Tenant, in writing, of such estimate, accompanied by back-up information, and fix future monthly installments for the remainder of the applicable twelve (12) month period in an amount sufficient to pay the estimated amount over the balance of such period after giving credit for payments made by Tenant on the previous estimate. If the total monthly payments

made by Tenant pursuant to this paragraph shall exceed the amount of payments necessary for the Impositions during such twelve (12) month period, such excess shall be credited on subsequent monthly payments or refunded to Tenant on the termination date if at the end of the Lease term; but if the total of such monthly payments so made under this paragraph shall not be sufficient to pay such Impositions for the twelve (12) month period when due, then Tenant shall pay to Landlord such amount as may be necessary to make up the deficiency upon Tenant's receipt of thirty (30) days advance written notice by Landlord of the amount of such increased monthly payments accompanied by back-up information reasonably acceptable to Tenant. Payment by Tenant of Impositions under this paragraph shall be considered as performance of such obligation under the provisions of Section 5.

(e) If the effective date of termination of this Lease is other than the last day of a month, Base Rent and Additional Rent shall be prorated to the

date of termination, and Landlord shall refund to Tenant any Base Rent or Additional Rent paid but unearned as of the termination date.

(f) Base Rent and Additional Rent shall be paid to Landlord at the address set forth in Section 29.(p), or at such other address as Landlord may from time to time designate.

(g) Landlord shall obtain a separate assessment of Impositions with respect to the Demised Premises.

(h) Tenant shall have the right to participate in all negotiations of Impositions. Tenant shall have the right to contest the validity or the amount of any Imposition by such appellate or other proceedings as may be appropriate in the jurisdiction, and may defer payment of such obligations, pay same under protest, or take such other steps as Tenant may deem appropriate; provided, however, Tenant shall take no action which will cause or allow the institution of any foreclosure proceedings or similar action against the Demised Premises. Landlord shall, at Tenant's expense, cooperate in the institution and prosecution of any such proceedings initiated by Tenant and will execute any documents required therefor.

Section 6. Use. The Demised Premises may be used for any lawful purpose. Tenant shall not use the Demised Premises in violation of, or allow its use in any manner which violates, any rule, order, statute, ordinance or requirement or regulation of the state, federal and municipal governments having jurisdiction, or which would make void or voidable any insurance required to be carried by Tenant under this Lease with respect to the Demised Premises, or which would cause injury to the improvements, reasonable wear and tear excepted.

Section 7. Alterations.

(a) During the Initial Term and any Renewal Term, Tenant shall not make structural or exterior alterations to the Demised Premises without Landlord's prior written consent Tenant shall have the right, without Landlord's consent, to make nonstructural alterations to the interior of the Demised Premises which do not affect the HVAC, mechanical or electrical systems ("Permitted Interior Alterations"), provided that any such Permitted Interior Alterations do not materially adversely affect the value of the Landlord's Improvements in Landlord's commercially reasonable opinion. In making any Permitted Interior Alterations that are approved or deemed approved by Landlord, Tenant shall do the following:

(i) Notify Landlord at least thirty days prior to commencement of any Alterations. At such time Landlord shall notify Tenant whether or not Tenant shall be required upon the Expiration Date to remove said Alterations and repair the Demised Premises;

(ii) Comply with all applicable local, state or federal laws, regulations, codes or ordinances affecting such alterations and the Demised Premises including, without limitation, the Americans with Disability Act, as amended from time to time;

(iii) Not suffer or permit any mechanic's lien or other lien to be filed against the Demised Premises, or any portion thereof, by reason of work, labor, skill, services, equipment or materials supplied or claimed to have been supplied to the Demised Premises at the request of Tenant, or anyone holding the Demised Premises, or any portion thereof, through or under Tenant. If any such mechanic's lien or other lien shall at any time be filed against the

Demised Premises, or any portion thereof, Tenant shall cause the same to be discharged of record or bonded over within thirty (30) days after the date of filing the same. If Tenant shall fail to discharge or bond over such mechanic's lien or liens or other lien within such period, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same by paying to the claimant the amount claimed to be due or by procuring the discharge of such lien as to the Demised Premises by deposit in the court having jurisdiction of such lien, the foreclosure thereof or other proceedings with respect thereto, of a cash sum sufficient to secure the discharge of such lien, or in such other manner as is now or may in the future be provided by present or future law for the discharge of such lien as a lien against the Demised Premises. Any amount paid by Landlord, or the value of any deposit so made by Landlord, together with all costs, fees and expenses in connection therewith (including reasonable attorneys' fees of Landlord), together with interest thereon at the Default Rate, shall be repaid by Tenant to Landlord within ten (10) business days following demand

by Landlord accompanied by back-up materials and, if unpaid within such ten (10) day period, may be treated as Additional Rent. Tenant shall indemnify and defend Landlord against, and save Landlord and the Demised Premises, and any portion thereof, harmless from, all losses, costs, damages, expenses, liabilities, suits, penalties, claims, demands and obligations, including, without limitation, reasonable attorneys' fees resulting from the assertion, filing, foreclosure or other legal proceedings with respect to such mechanic's lien or other such lien caused by, through or under Tenant.

All materialmen, contractors, artisans, mechanics, laborers and any other person now or hereafter furnishing any labor, services, materials, supplies or equipment to Tenant with respect to the Demised Premises, or any portion thereof, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for the same. Notice is hereby given that Landlord shall not be liable for any labor, services, materials, supplies, skill, machinery, fixtures or equipment furnished or to be furnished to Tenant upon credit, and that no mechanic's lien or other lien for any such labor, services, materials, supplies, machinery, fixtures or equipment shall attach to or affect the estate or interest of Landlord in and to the Demised Premises, or any portion thereof.

(b) Tenant's trade fixtures, furnishings, personal property and equipment located in the Demised Premises shall remain Tenant's property for all purposes, except as otherwise agreed in writing by Tenant and Landlord, and Tenant shall remove same from the Demised Premises at the end of the Lease term. At Landlord's option, at the end of the Lease term, Tenant shall remove any alterations and other leasehold improvements (other than leasehold improvements made by and paid for by Landlord or Permitted Interior Alterations) on or before the Expiration Date (or as appropriate the date the last Renewal Term expires). At the end of the Lease term Tenant shall return the Demised Premises in good order and condition, excepting only ordinary wear and tear, repairs required to be made by Landlord, and damage from fire, the elements or other casualty.

(c) Tenant has the right to install a satellite dish and/or other electronic transmitter, microwave antenna and other equipment (collectively "the Antenna") on the roof of the Demised Premises in compliance with all applicable local zoning ordinances and regulations. The cost of installation and maintenance thereof, and the cost of any repairs to the roof which are necessitated by the installation and/or repair of the Antenna shall be borne

solely by Tenant. Upon the termination of this Lease, Tenant has the right to remove any Antenna but Tenant shall repair any damage to the roof occasioned by such removal.

Section 8. Maintenance of Demised Premises.

(a) Tenant, at its sole cost and expense, beginning on the Commencement Date and continuing throughout the Lease term, shall maintain the Demised Premises (including any

improvements erected or installed by Tenant on the Demised Premises), and shall keep the same in good order and condition, and irrespective of such guaranty shall make and perform all repairs and maintenance thereof (including inspecting and maintaining the HVAC units at least as often as suggested by the manufacturer, and the repair and maintenance of all driveways, pathways, private roadways, sidewalks, curbs, parking areas, loading areas, landscaped areas, entrances and passageways on the Demised Premises, and sealcoating the parking areas and drives, not less often than every 4 years, to maintain such areas in good order and condition, and shall remove all accumulated snow, ice and debris from any and all driveways, pathways, private roadways, sidewalks, curbs, parking areas, loading areas, entrances and passageways located in the Demised Premises, and keep all portions of the Demised Premises in a clean and orderly condition free of snow, ice, dirt, rubbish, debris and unlawful obstructions), and all necessary maintenance repairs thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, of every nature, kind and description. When used in this Section 8.(a), "repairs" shall include all necessary replacements, renewals, alterations, additions and betterments, including interior and exterior painting, and all repairs shall be at least equal in quality to the original work and shall be made in accordance with all applicable laws, ordinances and regulations. The necessity for or adequacy of maintenance and repairs shall be measured by the commercially reasonable standards which are appropriate for improvements of similar construction and class, provided that Tenant shall in any event make all repairs necessary to avoid any structural damage or other damage or injury to the Landlord's Improvements. Landlord shall have the right, from time to time to inspect to Demised Premises for compliance with those obligations.

(b) Tenant shall accomplish all maintenance for which it is responsible on a commercially reasonably timely basis; provided, however, that such maintenance shall be performed as promptly as circumstances necessitate if a hazardous or emergency situation exists.

(c) Except as otherwise set forth in this Lease, (i) Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations in, about or to the Demises Premises or any improvements hereafter erected thereon and (ii) Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Demised Premises and all improvements hereafter erected thereon, and waives any right created by any law now or hereafter in force to, make repairs to the Demised Premises or improvements hereafter erected thereon at Landlord's expense.

(d) Tenant shall not do or suffer any waste or damage, disfigurement or injury to the Demised Premises, or any improvements hereafter erected thereon at Landlord's cost, or permit or suffer any overloading of the floors or other use of the Landlord's Improvements that would place an undue stress on the same or any portion thereof beyond that for which the same was designed pursuant to the Final Plans and Specifications; provided, however, that the terms of this Section 8.(d) shall in no way be interpreted to limit the rights of Tenant pursuant to Section 7 of this Lease.

Section 9. Utilities. Landlord covenants and agrees that, as of the Possession Date, the Demised Premises shall be serviced with gas, electric, telephone lines (excluding telephone

switch and system), water and sewer and other utilities as described in the Final Plans and Specifications. Landlord agrees to cause the necessary mains, conduits and other facilities to be provided to make water, sewer, gas, telephone, and electricity available to the Demised Premises from and after the Possession Date; provided, however, that Tenant shall be responsible for the payment of impact or tap fees and meter installation charges and for all aspects of installation of its telephone system. After installation, Tenant shall pay all charges for consumption of utility services furnished to the Demised Premises during the Lease term. Tenant and Landlord shall cooperate to arrange that Tenant shall be billed directly by the applicable utility companies for all utilities and other services furnished to the Demised Premises including the costs of utility deposits for such utilities. Tenant's obligation to pay such utilities and services shall commence on the Possession Date, except that Tenant shall also be responsible for the cost of any utilities or services at the Demised Premises used by it or its agents, employees or contractors (other than Landlord, its agents, employees or contractors) prior to the Possession Date if Tenant enters the Demised Premises.

Section 10. Signs. Tenant shall have the right to place exterior signs on the Demised Premises subject to any and all applicable laws, codes or ordinances, or restrictive covenants, and subject to approval by Landlord of design, size, material, location, and method of attachment, which such Landlord approval shall not be unreasonably withheld, delayed or conditioned, or if Landlord fails to respond to any Tenant request for signage approval within ten (10) days after Tenant's delivery of such request to Landlord. Tenant shall be solely responsible for maintaining its signs in good condition and shall remove them and repair any damage caused by such removal on or before the Expiration Date (or the expiration date of the last Renewal Term, as applicable).

Section 11. Landlord's Right of Access.

(a) Landlord and its authorized representatives shall have the right to enter the Demised Premises following twenty-four (24) hours notice to Tenant, during Tenant's regular business hours or at such other reasonable time as may have been approved in advance by Tenant, for the purpose of (i) determining whether the Demised Premises are in good condition and whether Tenant is complying with its obligations under this Lease, (ii) performing any maintenance, repairs or other obligations for which Landlord is responsible under this Lease, or (iii) posting "for rent" signs during the last twelve (12) months of the Initial Term if the Renewal Term is not exercised or, if exercised, during the last Renewal Term.

(b) Landlord shall conduct its activities in the Demised Premises in a manner that will cause the least possible interference with Tenant's business operations, and Base Rent shall abate for any period in excess of ninety-six (96) hours during which Tenant is deprived of beneficial occupancy of the Premises as a result of Landlord's presence in the Demised Premises except when Landlord's presence is a result of the act or omission of Tenant, its agents, employees or contractors.

Section 12. Indemnity.

(a) Tenant's Indemnity. During the Lease Term, Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, claims,

actions, demands, judgments, damages, liabilities and expenses, including reasonable attorneys' fees and costs, for death of or bodily injury to any person or for loss of, damage to or destruction of any property arising from Tenant's use of the Demised Premises, except for any such claims, actions, demands, judgments, damages, penalties, liabilities or expenses arising, in whole or in part, directly or indirectly, from the default, negligence, acts or omissions of Landlord, its agents, employees or contractors or successors or assigns.

(b) Landlord's Indemnity. During the Lease Term, Landlord shall indemnify, defend, and save Tenant, its agents, employees, assignees and sublessees, harmless against all loss, claims, actions, demands, judgments, damages, penalties, liabilities and expenses including reasonable attorneys' fees and costs, arising from the entry, acts or omissions of Landlord, its agents, employees, contractors, successors and assigns, with respect to the Demised Premises, except for any such claims, actions, demands, judgments, damages, penalties, liabilities and expenses arising, in whole or in part, directly or indirectly, from the default, negligence acts or omissions of Tenant, its agents, employees, assignees or sublessees.

(c) Survival. The indemnifications set forth in this Section 12 shall survive the expiration, cancellation or termination of this Lease. shall

Section 13. Insurance.

(a) During the term of this Lease, Tenant, at its sole cost and expense, but for the mutual benefit of Landlord, its Mortgagee [as defined in Section 5.(b)(iv)] and Tenant, shall obtain and continuously maintain in full force and effect the following insurance coverage:

(i) Commercial general liability insurance against any loss, liability or damage on, about or relating to the Demised Premises, or any portion thereof, with limits of not less than Five Million and 00/100 Dollars ($5,000,000.00) general aggregate on an occurrence basis. Any such insurance obtained and maintained by Tenant shall name Landlord as an additional insured therein and shall be obtained and maintained from and with a reputable and financially sound insurance company authorized to issue such insurance in the state in which the Demised Premises are located. Such insurance shall specifically insure (by contractual liability endorsement) Tenant's obligations under Section 12 of this Lease.

(ii) Boiler and pressure vessel (including, but not limited to, pressure pipes, steam pipes and condensation return pipes) insurance, provided the Landlord's Improvements contain a boiler or other pressure vessel or pressure pipes in an amount reasonably satisfactory to Landlord.

(iii) Tenant shall obtain and continuously maintain in full force and effect during the term of this Lease, commencing with the date that rental (full or partial) commences, policies of "All Risk" insurance covering greater of the full replacement cost of the Tenant's and Landlord's Improvements constructed, installed or located on the Demised Premises, or the principal amount of Landlord's first mortgage encumbering the Demised Premises from time to time or at any time, for the benefit of Landlord, its managing agent and Tenant as named insureds, against (i) loss or damage by fire; (ii) loss or damage from such

other risks or hazards now or hereafter embraced by an "Extended Coverage Endorsement," including, but not limited to, windstorm, hail, ordinance, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (iii) loss for flood if the Demised Premises is in a designated flood or flood insurance area; (iv) earthquake coverage if required by Landlord's Lender; and (v) loss for so-called explosion, collapse and underground hazards; (vi) loss of rents (Base Rent and Additional Rent) coverage for twelve (12) months and (vii) loss or damage from such other risks or hazards of a similar or dissimilar nature which are now or may hereafter be customarily insured against with respect to improvements similar or dissimilar nature which are now or may hereafter be customarily insured against with respect to improvements similar in construction, design, general location, use and occupancy to the Improvements. Landlord or Landlord's mortgagee shall be named loss payee and said mortgagee shall be provided with a standard mortgagee's clause as to said coverage. If a sprinkler system shall be located in the Improvements, sprinkler leakage insurance in form and amount reasonably satisfactory to Landlord may be procured.

The insurance set forth in this Section shall be maintained by Tenant at not less than the limits set forth herein until reasonably required to be changed from time to time by Landlord, and mutually agreed in writing, whereupon Tenant covenants to obtain and maintain thereafter such protection in the amount or amounts so required by Landlord. Tenant agrees that the policies required to be carried by Tenant under the Lease shall be primary over the Landlord's insurance, if any.

(b) Each policy required under this Section 13 shall have attached
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thereto (i) an unqualified endorsement that such policy shall not be canceled or materially changed without at least thirty (30) days prior written notice to Landlord and its mortgagee. All policies of insurance shall be written in companies which hold a Best Rating of A or better are licensed in the state in which the Demised Premises are located, and shall be written in such form and shall be distributed in such companies as shall be reasonably satisfactory to Landlord. Such certificate of insurance

shall be delivered to Landlord upon commencement of the term; and prior to expiration of such policy, a new certificate of insurance, shall be delivered to Landlord.

(c) Tenant shall maintain an "All-Risk" property insurance coverage (including loss of use and business interruption coverage) upon Tenant's business and upon all personal property of Tenant or the personal property of others kept, stored or maintained on the Demised Premises against loss or damage by fire, windstorm or other casualties or causes for such amount as Tenant may desire, and Tenant agrees that such policies shall contain a waiver of subrogation clause as to Landlord. Tenant hereby waives, releases, discharges and agrees to indemnify and defend Landlord, its agents and employees from and against all claims whatsoever arising out of loss, claim, expense or damage to or destruction of any such personal property or to Tenant's business notwithstanding that such loss, claim, expense or damage may have been caused by Landlord, its agents or employees, and Tenant agrees to look to the insurance coverage only in the event of such loss.

(d) Upon expiration of the term of this Lease, the unearned premiums upon any insurance policies or certificates thereof lodged with Landlord by Tenant shall be payable to Tenant, provided that Tenant shall not then be in default in keeping, observing or performing the terms and conditions of this Lease.

Section 14. Waiver of Subrogation. Landlord and Tenant waive and release each other of and from any and all rights of recovery, claim, action or cause of action, against each other, their agents, officers and employees, for any loss or damage that may occur to the Premises, improvements to the Building or personal property within the Building, by reason of fire or the elements regardless of cause or origin, including negligence of Landlord or Tenant or their agents, officers and employees. Because this paragraph will preclude the assignment of any claim mentioned in it by way of subrogation or otherwise to an insurance company or any other person, the parties agree immediately to give to each insurance company which has issued to it policies of insurance covering risks of direct physical loss, written notice of the terms of the mutual waivers contained in this Section 14, and to have the insurance policies properly endorse, if necessary, to prevent the invalidation of the insurance coverages by reason of the mutual waivers contained in this paragraph, and to secure from their respective insurers waivers of the insurers' subrogation rights. Landlord and Tenant mutually waive their respective rights of recoveries against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of either of them.

Section 15. Casualty.

(a) Reconstruction. Except as set forth hereinafter, in case of damage to or destruction of the Landlord's Improvements after the Commencement Date of this Lease by fire or other insurable casualty, Landlord, subject to the availability from Tenant or its insurance carrier of adequate insurance proceeds to cover the full costs of repairs and replacement to Landlord's Improvements, shall promptly restore, repair, replace and rebuild the same (exclusive of Tenant's personal property, trade fixtures and equipment which shall be restored, repaired or

rebuilt out of Tenant's separate funds or applicable insurance proceeds) as nearly as possible to the condition that the same were in immediately prior to such damage or destruction. Tenant shall forthwith give Landlord written notice of such damage or destruction upon the occurrence thereof and specify in such notice, in reasonable detail, the extent thereof. Base Rent and Additional Rent shall abate ratably for the period of time that the Tenant is unable to conduct normal business operations in the Demised Premises, in whole or in part (based upon the portion of the Demised Premises in which Tenant is unable to conduct such business operations), subject to receipt by Landlord from Tenant's insurance carrier of proceeds covering any Base Rent and Additional Rent so abated. Such restoration, repair, replacement, rebuilding, and alteration, including the cost of temporary repairs for the protection of the Demised Premises, or any portion thereof, ending with the completion thereof are sometimes hereinafter referred to as the "Restoration." In the event the insurance proceeds are inadequate to fund the Restoration, Tenant shall be responsible, at its sole cost and expense, to pay for any shortfall when requested by Landlord.

(b) Escrow of Funds. All insurance proceeds recovered on account of any damage or destruction by any casualty shall be made available for the payment of the cost of the repairs and restoration described above. If the amount of the insurance proceeds plus the amount of any deductible applicable to said damage or destruction is less than One Hundred Thousand and 00/100 Dollars ($100,000.00), the insurance proceeds may be paid over to the party performing the work to be applied to such repairs and restoration work. If the amount of the insurance proceeds plus the amount of any such deductible is greater than One Hundred Thousand and 00/100 Dollars ($100,000.00), the insurance proceeds shall be deposited in escrow with instructions to the escrow holder that the escrow holder shall disburse the funds to the party performing the work as the work of repair and restoration progresses upon certificates of the architect or engineer supervising the repair and restoration work that the disbursements then requested, plus all previous disbursements made from such insurance proceeds,

plus the amount of any deductible, do not exceed the cost of the repairs or restoration work already completed and paid for, and that the balance in the escrow fund is sufficient to pay for the reasonably estimated cost of completing the required work of repair and restoration. The escrow holder may be the institutional lender holding a first mortgage against the Demised Premises if an institutional lender holds a first mortgage and if such institutional lender accepts said escrow; otherwise the escrow holder shall be any bank or commercial escrow holder mutually agreeable to Landlord and Tenant. If the amount of the insurance proceeds is less than the cost of the required repairs or restoration work for Landlord's Improvements, then the escrow holder shall terminate any further disbursement of such proceeds and, following ninety (90) days prior written notice to Tenant, Landlord may retain all or the remaining balance of such proceeds applicable to the restoration of Landlord's Improvements and this Lease shall terminate and the parties shall be relieved of further liability to one another hereunder (except that all unearned rent and other charges paid in advance shall be refunded to Tenant), unless Landlord or Tenant shall pay to the escrow holder in cash the excess cost relating to the repair work for the Landlord's Improvements, which cash deposit shall be used to pay the cost of such repair and restoration, provided that, if the actual cost of repair and restoration is less than the sum of the cash deposit and such insurance proceeds, any excess, up to the amount of such cash deposit, shall be refunded to the entity making the cash deposit. If the

amount of insurance proceeds is greater than the cost of the required repairs and restoration work, then the excess shall belong to the Tenant.

(c) Option to Terminate. If fire or other casualty shall render the whole or any material portion of the Demised Premises unsuitable for the conduct of Tenant's normal business operations thereon, but the Demised Premises could commercially reasonably be restored to its condition immediately prior to such casualty within two hundred ten (210) days from the date of such event, Landlord shall promptly commence and diligently pursue to completion the repair and restoration of the Demised Premises to their condition prior to the fire or other casualty and complete such work promptly but, in any event, within such two hundred ten (210) day period (subject to Force Majeure) and notify Tenant that it will be doing so, such notice to be mailed within thirty (30) days from the date of such damage or destruction, and this Lease shall remain in full force and effect.

If the Demised Premises cannot commercially reasonably be expected to be made tenantable within two hundred ten (210) days from the date of such event, Landlord or Tenant, by notice in writing to the other, mailed within thirty (30) days from the date of such damage or destruction, may terminate this Lease effective upon a date which is thirty (30) days from the date of such notice. In the event of such termination, (i) Tenant shall pay to Landlord (or its Mortgagee, as their interests may appear) all proceeds received by Tenant from casualty insurance policies required to be carried by Tenant under this Lease and attributable to the Landlord's Improvements, and (ii) all unearned rent and other charges paid in advance shall be refunded to Tenant.

In the event Landlord elects to rebuild or restore the Demised Premises and fails to complete said restoration or repairs within the time period set forth hereinabove, Tenant may, upon thirty (30) days written notice to Landlord given within two hundred twenty (220) days from the date of casualty, terminate the Lease and said Lease shall terminate unless Landlord completes the restoration or repair within said thirty (30) day notice period, in which case the Lease will remain in full force and effect.

Section 16. Condemnation.

(a) If, during the term of this Lease, the entire Demised Premises shall be taken as the result of the exercise of the power of eminent domain (hereinafter referred to as the "Proceedings"), this Lease and all right, title and interest of Tenant hereunder shall cease and come to an end on the date

Tenant is deprived or denied of the use of the Demised Premises. Landlord shall be entitled to and shall receive the total award made in such Proceedings, Tenant hereby assigning any interest in such award damages, consequential damages and compensation to Landlord and Tenant waiving any right Tenant has now or may have under present or future law to receive any separate award of damages for its interest in the Demised Premises, or any portion thereof, or its interest in this Lease except as specifically provided for hereinafter.

(b) If, during the Initial Term of this Lease, or any extension or renewal thereof, less than the entire Demised Premises, but more than fifteen percent (15%) of the floor area of the buildings on the Demised Premises, or more than one hundred fifty (150) parking stalls of the Demised Premises, shall be taken in any such Proceedings, and Landlord is unable to replace such parking stalls with comparable additional parking contiguous to the Demises Premises, or restore said floor area for whatever the use may be, this Lease shall, upon the date that Tenant is denied or deprived the use thereof pursuant to the Proceedings, terminate as to the portion of the Demised Premises so taken, and Tenant may, at its option, terminate this Lease as to the remainder of the Demised Premises. Tenant shall not have the right to terminate this Lease pursuant to the preceding sentence unless the business of Tenant conducted in the portion of the Demised Premises taken cannot reasonably be carried on with substantially the same utility and efficiency. Such termination as to the remainder of the Demised Premises shall be effected by notice in writing given not more than sixty (60) days after the date of such dispossession pursuant to the Proceedings, and shall specify a date not more than sixty (60) days after the giving of such notice as the date for such termination; provided, however, that the Base Rent and Additional Rent shall be adjusted from and after the date of such dispossession in proportion to the portion of the Demised Premises in which Tenant elects to continue operating after such dispossession occurs. Upon the date specified in such notice, the term of this Lease, and all right, title and interest of Tenant hereunder, shall cease and come to an end.

The Tenant may not terminate this Lease Agreement, as in this Section provided, at any time that Tenant is in default in the performance of any of the terms, covenants or conditions of this Lease Agreement on its part to be performed, and any termination upon Tenant's part shall become effective only upon compliance by Tenant with all such terms, covenants and conditions to the date of such termination. In the event that Tenant elects not to terminate this Lease Agreement as to the remainder of the Demised Premises, the rights and obligations of Landlord and Tenant shall be governed by the provisions of Section 16.(c) hereof.

(c) If any portion of the Demised Premises is expropriated, and this Lease is not terminated as provided above, then this Lease shall continue as to that portion of the Demised Premises that has not been expropriated or taken. In such event, Landlord shall, at its sole cost and expense, promptly and with due diligence, restore the Demised Premises, as nearly as practicable, to a complete unit of like quality and character as existed just prior to such expropriation. The Base Rent and Additional Rent shall abate during the period of demolition and restoration to the extent the Demised Premises are unused and unusable. Following restoration by Landlord, Base Rent and Additional Rent shall be reduced pursuant to a just and proportionate abatement based upon the extent and nature of the taking and the Demised Premises remaining after such taking and, in the event of a taking of building areas at the Demised Premises, in the proportion the square foot floor area of the part of the buildings so expropriated bears to the total square foot floor area of the buildings prior to such expropriation.

(d) If this Lease is terminated pursuant to this Section 16, then any
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Base Rent and other charges paid in advance shall be refunded to Tenant and Tenant shall have an additional sixty (60) days within which to remove its property from the Demised Premises, and this Lease

shall terminate as of the date of taking of the Demised Premises by the condemning authority; provided, however, that the Base Rent and Additional Rent shall be adjusted from and after the date of such expropriation in proportion to the portion of the Demised Premises in which Tenant elects to continue operating after such expropriation occurs.

(e) Notwithstanding any of the foregoing, Tenant shall have the limited right to prove in the Proceedings and to receive any separate award which may be made for damages to or condemnation of Tenant's movable trade fixtures and equipment and for moving expenses paid for by Tenant, so long as such claims by Tenant do not reduce Landlord's award below what it would be absent such claims.

Section 17. Default, Landlord's Remedies, Bankruptcy.

(a) Default. The occurrence of any one or more of the following events (the "Events of Default") shall constitute a default and breach of this Lease by Tenant:

(i) failure by Tenant to make any payment of Base Rent or Additional Rent, or any other payment required to be made by Tenant under this Lease when due where such failure continues for a period of twenty (20) days after written notice by Landlord to Tenant of such default;

(ii) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than as described in Section 17.(a)(i) above, where such failure continues for a period of thirty (30) days after written notice by Landlord to Tenant; provided, however, that if the nature of Tenant's obligation which it has failed to perform is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed an Event of Default if Tenant commences such cure within the thirty (30) day period and diligently prosecutes the cure to completion;

(b) Bankruptcy. In the event of the making by Tenant of any general assignment or general arrangement for the benefit of its creditors, or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within 90 days) or, in any proceeding regarding the insolvency of Tenant the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets and is not discharged within ninety (90) days after such appointment, then Landlord may terminate this Lease by giving notice to Tenant of its intention to do so; provided, however, neither bankruptcy, insolvency, reorganization, an assignment for the benefit of creditors nor the appointment of a receiver or trustee shall affect this Lease or permit its termination so long as the

covenants on the part of Tenant to be performed shall be performed by Tenant, or someone claiming under it.

Section 18. Landlord's Remedies. If an Event of Default occurs, at any time after the occurrence, with or without additional notice or demand and without limiting Landlord's rights or remedies as a result of the Event of Default, Landlord may do the following:

(a) Upon any termination of this Lease Agreement, Tenant shall quit and peaceably surrender the Demised Premises, and all portions thereof, to Landlord,

and Landlord, upon or at any time after any such expiration or termination, may, without further notice, enter upon and reenter the Demised Premises, and all portions thereof, and possess and repossess itself thereof, by force, summary proceeding, ejectment or otherwise, and may dispossess Tenant and remove Tenant and all other persons and property from the Demised Premises, and all portions thereof, and may have, hold and enjoy the Demised Premises and the right to receive all rental and other income of and from the same.

(b) At any time, or from time to time after any such termination, Landlord may relet the Demised Premises, or any portion thereof, in the name of Landlord or otherwise, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this Lease Agreement) and on such conditions (which may include market concessions or free rent) as Landlord, in its sole discretion, may determine and may collect and receive the rents therefore. Landlord shall in no way be responsible for liable for any failure to relet the Demised Premises, or any part thereof, or for any failure to collect any rent due upon any such reletting.

Anything herein contained to the contrary, notwithstanding, in the event Landlord terminates this Lease or is entitled to possession of the Premises after surrender thereof by Tenant by reason of default by Tenant, Landlord shall use reasonable efforts under the circumstances to relet the space; provided, however, Landlord may lease as Landlord deems appropriate, using the same standards as Landlord would use when leasing similar space (assuming Landlord has all ownership and financial risk as to such similar space). Further, in the event of a default or breach of this Lease by either party, the other party shall use all reasonable effort under the circumstances to mitigate any damages for which the breaching party might be responsible.

(c) No such termination of this Lease Agreement or retaking of possession shall relieve Tenant of its liabilities and obligations under this Lease Agreement (as if this Lease Agreement had not been so terminated), and such liabilities and obligations shall survive any such termination. In the event of any such termination, whether or not the Demised Premises, or any portion thereof, shall have been relet, Tenant shall pay to Landlord a sum equal to the Base Rent and the Additional Rent and any other charges required to be paid by Tenant, up to the time of such termination of this Lease Agreement or retaking of possession by Landlord, and thereafter Tenant, until the end of what would have been the term of this Lease Agreement in the absence of such termination, shall be liable to Landlord for, and shall pay to Landlord, as and for agreed current damages for Tenant's default:

(i) The equivalent of the amount of the Base Rent and Additional Rent which would be payable under this Lease Agreement by Tenant if this Lease Agreement were still in effect, less

(ii) The net proceeds of any reletting effected pursuant to the provisions of Section 18.(b) hereof after deducting all of Landlord's expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, legal expenses, reasonable attorneys' fees, alteration costs, and expenses of preparation of the Demised Premises, or any portion thereof, for such reletting.

Tenant shall pay such current damages in the amount determined in accordance with the terms of Section 18.(c). Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, as and for damages for Tenant's default, an amount equal to the excess, if any, of the then present worth of the aggregate of the Base Rent and Additional Rent and any other charges to be paid by Tenant hereunder for the unexpired portion of the term of the Lease Agreement (assuming this Lease Agreement had not been so terminated), and the then present worth of the then aggregate fair and reasonable fair market rent of the Demised Premises for the same period. In the computation of present worth, a discount at the rate of six percent (6%) per annum shall be employed. If the Demised Premises, or any portion thereof, be relet by Landlord for the unexpired term of this Lease Agreement, or any part thereof, before presentation

of proof of such damages to any court, commission or tribunal, the amount of rent reserved upon such reletting shall, prima facie, be the fair and reasonable fair market rent for the part or the whole of the Demised Premises so relet during the term of the reletting. Nothing herein contained or contained in Section 18.(c) shall limit or prejudice the right of Landlord to prove for and obtain, as damages by reason of such expiration or termination, an amount equal to the maximum allowed by any statute of rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater equal to or less than the amount of the difference referred to above.

(d) No failure by Landlord or by Tenant to insist upon the performance of any of the terms of this Lease Agreement or to exercise any right or remedy consequent upon a breach thereof, and no acceptance by Landlord of full or partial rent from Tenant or any third party during the continuance of any such breach, shall constitute a waiver of any such breach or of any of the terms of this Lease Agreement. No waiver of any breach shall affect or alter this Lease Agreement, but each of the terms of this Lease Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach of this Lease Agreement. No waiver of any default of Tenant herein shall be implied from any omission by landlord to take any action on account of such default, if such default persists or is repeated and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

(e) In the event of any breach by Tenant of any of the terms contained in this Lease Agreement, Landlord shall be entitled to seek to enjoin such breach or threatened breach and shall have the right to invoke any right or remedy allowed at law or in equity or by statute or otherwise as

though entry, reentry, summary proceedings and other remedies were not provided for in this Lease Agreement. Each remedy or right of Landlord provided for in this Lease Agreement, or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise of the beginning of the exercise by Landlord of any one or more of such rights or remedies shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies.

Section 19. Subordination and Attornment.

(a) Provided any Mortgagee agrees to grant nondisturbance protection to Tenant, in form reasonably acceptable to Tenant and as long as Tenant is not in default beyond the period allowed for cure herein, this Lease Agreement and all rights of Tenant therein, and all interest or estate of Tenant in the Demised Premises, or any portion thereof, shall be subject and subordinate to the lien of any first mortgage first deed of trust, security instrument or other document of like nature, hereinafter referred to as "Mortgage," which at any time may be placed upon the Demised Premises, or any portion thereof, by Landlord, and to any replacement, renewals, amendment, modifications, extensions or refinancing thereof, and to each and every advance made under any Mortgage. Tenant agrees at any time hereafter, and from time to time on demand of Landlord, to execute and deliver to Landlord any instruments, releases or other documents that may be reasonably required for the purpose of subjecting and subordinating this Lease Agreement to the lien of any such Mortgage. It is agreed, nevertheless, that so long as Tenant be not in default in the payment of Base Rent and Additional Rent and the performance and observance of all covenants, conditions, provisions, terms and agreements to be performed and observed by Tenant under this Lease Agreement after the expiration of any applicable cure period, that such subordination agreement or other instrument, release or document shall not interfere with, hinder or molest Tenant's right to quiet enjoyment under this Lease Agreement, nor the right of Tenant to continue to occupy the Demised Premises, and all portions thereof, and to conduct its business thereon in accordance with the covenants, conditions, provisions, terms and agreements of

this Lease Agreement. The lien of any such Mortgage shall not cover Tenant's trade fixtures or other personal property located in or on the Demised Premises.

(b) In the event of any act or omission of Landlord constituting a default by Landlord, Tenant shall not exercise any remedy until Tenant has given Landlord and any mortgagee of the Demised Premises a prior thirty (30) day written notice to remedy such act or omission and such time shall have elapsed following the giving of such notice; provided, however, if such act or omission cannot, with due diligence and in good faith, be remedied within such thirty (30) day period, the Landlord and mortgagee shall be allowed such further period of time as may be reasonably necessary provided that it commence remedying the same with due diligence and in good faith within said thirty (30) day period. Nothing herein contained shall be construed or interpreted as requiring any mortgagee to remedy such act or omission.

(c) If any mortgagee shall succeed to the rights of Landlord under this Lease Agreement or to ownership of the Demised Premises, whether through possession or foreclosure of the delivery of a deed to the Demised Premises, then, upon the written request of such mortgagee so succeeding to Landlord's rights hereunder, Tenant shall attorn to and recognize such mortgagee

as Tenant's landlord under this Lease Agreement, and shall promptly execute and deliver any instrument that such mortgagee may reasonably request to evidence such attornment (whether before or after making of the mortgage). In the even of any other transfer of Landlord's interest hereunder, upon the written request of the transferee and Landlord, Tenant shall attorn to and recognize such transferee and Landlord, Tenant shall attorn to and recognize such transferee as Tenant's landlord under this Lease Agreement and shall promptly execute and deliver any instrument that such transferee and Landlord may reasonably request to evidence such attornment.

Section 20. Interest on Late Payments. In the event that either party fails to pay any sum due under this Lease within ten (10) days from the due date specified in this Lease, such amounts shall accrue, and the failing party shall be liable for, interest from the original due date until paid at an annual rate equal to the lesser of (a) two percent (2%) over the prime rate of interest charged by Norwest Bank, N.A., or its successor, from time to time (charged to its most creditworthy customer) or (b) the highest lawful interest rate in the jurisdiction in which the Demised Premises are located.

Section 21. Quiet Enjoyment, Zoning, and Title.

(a) Quiet Enjoyment. Landlord covenants, represents and warrants that it has full right and power to execute and perform this Lease and to grant the estate demised herein and that Tenant, on payment of the rent and performance of the covenants and agreements hereof, shall peaceably and quietly have, hold and enjoy the Demised Premises and all rights, easements, appurtenances and privileges belonging or in any way pertaining thereto during the Lease term without molestation or hindrance of any person whomsoever.

(b) Landlord's Title. Landlord further covenants, represents and warrants that as of the Commencement Date it shall be seized of an indefeasible estate in fee simple and have a good and marketable title to the land described in Exhibit A, free and clear of any liens, encumbrances, restrictions and violations (or claims or notices hereof), except for the items listed on Exhibit E (the "Permitted Encumbrances") or, in the event no title commitment has been obtained and reviewed by Landlord and Tenant prior to Lease execution, the Permitted Encumbrances shall be those shown on Exhibit E and the additional matters which are subsequently agreed to by Landlord and Tenant prior to Closing of the purchase of the Land.

Landlord shall, without expense to Tenant and prior to the commencement of Landlord's Improvements, furnish to Tenant (i) a copy of a current title policy issued to Landlord evidencing that Landlord's title is as herein represented, (ii) an ALTA survey certified by a licensed surveyor of the land described in Exhibit A evidencing, among other matters, that the Demised Premises depicted on Exhibit B are within the bounds of the property described in Exhibit A, and (iii) an agreement executed by the holder of any mortgage lien or deed of trust encumbering the Demised Premises wherein such holder shall consent to this Lease and warrant that Tenant's possession and right of use under this Lease in and to the Demised Premises shall not be disturbed by such holder and such holder shall comply with all of its obligations under the Lease unless and until Tenant shall breach any of the provisions hereof and this Lease or Tenant's

right to possession hereunder shall have been terminated in accordance with the provisions of this Lease. Provided Tenant is not in default beyond the period allowed for cure herein, Landlord grants to Tenant, as long as Metris Direct, Inc. or an affiliated company is Tenant, to act on behalf of Landlord under those certain Declarations listed as item 5 on Exhibit E attached hereto.

Section 22. Landlord's Default. In the event of any alleged breach by Landlord of its covenants contained in this Lease, Tenant shall have all available rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Tenant may not exercise any such right or remedy unless Tenant has notified Landlord and any party having a recorded mortgage or bond indenture lien ("Lender") against the Property by written notice of such alleged default or dispute and the notified party or parties have not cured such default or dispute within the thirty (30) day period, such notified party or parties shave failed to cure such alleged default with all due diligence. No rent may be offset unless and until Tenant has commenced legal action against Landlord in respect to such default or dispute and no such legal action shall be maintained or continued unless Tenant deposits into escrow reasonably satisfactory to Landlord any amount of disputed rent or offset rent; provided, however, in the event Tenant has provided the notices to Landlord and Lender as required hereinabove and neither Landlord nor Lender have taken action to cure the alleged breach within the notice period, in such event Tenant may offset any Base Rent due monthly to Landlord which is in excess of the monthly payment of principal and interest due Lender from Landlord under any first mortgage or deed of trust, until the cost of cure of said alleged breach is paid in full.

Section 23. Sale of Premises by Landlord. The warranties, representations and covenants of Landlord contained in this Lease shall be binding upon Landlord and Landlord's successors only with respect to breaches occurring during Landlord's and Landlord's successor's respective periods of ownership of Landlord's interests hereunder.

Section 24. Broker's Commission. Landlord and Tenant represent each to the other that it has dealt with no broker or brokers in connection with the negotiation, execution and delivery of this Lease, with respect to which Landlord shall be responsible for payment of the commission. Landlord and Tenant agree to indemnify, defend and save the other harmless from and against any claims, demands and actions arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The representations and indemnifications in this Section 24 shall survive the cancellation or termination of this Lease.

Section 25. Estoppel Certificate. Within twenty (20) days after request

by either party, the other party shall execute and deliver to the requesting party a statement in writing, (i) certifying whether this Lease is unmodified and in full force and effect (and if modified, stating the nature of the modification and certifying whether this Lease as so modified is in full force and effect) and the date to which Base Rent is paid in advance, if any, (ii) acknowledging whether, to such party's knowledge, there are any uncured defaults on the part of the requesting party and specifying such defaults if any are claimed, and (iii) such other matters reasonably requested to be stated therein.

Section 26. Rules and Regulations. INTENTIONALLY DELETED.

Section 27. Holding Over. If Tenant remains in possession of the Demised Premises after the Expiration Date (or after the expiration date of any Renewal Term), such occupancy shall be a tenancy from month-to-month at a Base Rent equal to one hundred fifty percent (150%) of the Base Rent payable during the last month of the Initial Term (or the applicable Renewal Term), and subject to all of the other terms and conditions of this Lease.

Section 28. Assignment and Subletting. Except as otherwise provided in this Section 28, Tenant may assign this Lease, or sublet the whole or any part of the Demised Premises. If Tenant proposes to assign this Lease or sublet the Demised Premises, then Tenant shall furnish Landlord the name and address of the proposed transferee, the approximate effective date of such proposed assignment or sublease, the location and square footage of the portion of the Demised Premises that is the subject of such proposed assignment or subleasing transaction, a description of the business of the proposed assignee or subtenant, and, if the proposed transferee is other than an Exempt Transferee (as defined below), the financial terms of the proposed assignment or subleasing transaction ("Tenant's Notice of Transfer"). If the transferee is other than (1) a domestic corporate affiliate of Tenant (which for purposes hereof shall mean a person or entity controlling, controlled by or under common control with Tenant, where control shall mean at least fifty-one percent (51%) ownership and voting control), (2) an entity with which Tenant has merged or consolidated, or (3) an entity which acquires all or substantially all of the shares of stock or assets of Tenant and which continues to operate substantially the same business at the Demised Premises as had been maintained by Tenant (herein "Exempt Transferee"), then Landlord shall have the right, within thirty (30) days after receipt of Tenant's Notice of Transfer, to approve such assignment or sublease, which such approval shall not be unreasonably withheld, conditioned or delayed. Landlord's failure to respond to the Tenant's Notice of Transfer within such thirty (30) day period shall be deemed consent by Landlord to such assignment or sublease. If Landlord does not approve of such assignment or sublease, then Landlord shall so notify Tenant in writing within the thirty (30) day period following Landlord's receipt of Tenant's Notice of Transfer, which such notice shall set forth the commercially reasonable basis for Landlord's refusal to approve such assignment or sublease. Landlord may, upon receipt of such notice, terminate the Lease with respect to that portion of the Demised Premises which is offered for subletting or assignment, such termination to be effective as of the effective date of the proposed assignment or sublease, as set forth in the Tenant's Notice of Transfer. In the event of such termination of this Lease with respect to all or a portion of the Demised Premises, as the case may be, all Base Rent and Additional Rent payable by Tenant hereunder shall be apportioned as of such date in the case of full termination of the Lease, or ratably reduced in the event of partial termination of this Lease, and Landlord shall promptly reimburse Tenant for any amounts prepaid by Tenant for periods subsequent to such termination date. If Tenant shall not enter into the transaction described in the Notice of Transfer, Tenant shall not thereafter assign or sublet this Lease or any portion of the Demised Premises without, in each instance, first offering the same to Landlord for recapture as provided in this Section 28. If Tenant assigns or subleases its interest in this Lease,

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then Tenant and Guarantor shall remain liable and responsible under this Lease, provided, however, in the event Tenant assigns the Lease in its entirety and said assignee at the

time of assignment has an "investment grade" credit rating as evidenced by the fact that assignee and unsecured debt securities are rated equal to or better than "Baa 3" by Moody's Investor Services and "BBB-" by Standard & Poors Corporation, in such event Tenant and Grantor shall be released from liability accruing after the effective date of the Assignment provided further that assignee assumes all liability under the Lease.

Section 29. Exculpation. Tenant agrees that, after the Commencement
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Date, Tenant shall look solely to Landlord's fee simple interest in the Demised Premises for the recovery of any judgment against Landlord, it being agreed that Landlord, or Landlord's partners (general or limited) shall not be personally liable for any such judgment.

Section 30. Financial Information. Tenant and Guarantor each agree to
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provide to Landlord, upon Landlord's written request, a copy of Tenant's and/or Guarantor's most recent published financial statements circulated to the general public, and prepared in accordance with generally accepted accounting principles and audited by an independent, certified public accountant, if any.

Section 31. Miscellaneous.

(a) Further Assurances. Each party agrees that it will take such actions, provide such documents, do such things and provide such further reassurances as may reasonably be requested by the other party during the term of this Lease.

(b) Headings. All section headings and captions used in this Lease are purely for convenience and shall not affect the interpretation of this Lease.

(c) Exhibits. All exhibits described in this Lease shall be deemed to be incorporated in and made a part of this Lease.

(d) Laws of State. This Lease shall be deemed entered into within and shall be governed by and interpreted in accordance with the laws of the state where the Demised Premises are located.

(e) Amendments. Except as otherwise provided, this Lease shall not be modified except by written agreement signed on behalf of Tenant and the Landlord by their respective authorized officers.

(f) Entire Agreement. This Lease supersedes all prior understandings, representations, negotiations and correspondence between the parties, constitutes the entire agreement between them with respect to the matters herein described, and shall not be modified or affected by any course of dealing, course of performance or usage of trade.

(g) Partial Invalidity. If any provision of this Lease is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired.

(h) Waivers. The failure of either party at any time to require performance by the other of any provision of this Lease shall in no way affect that party's right to enforce such provision, nor shall the waiver by either

party of any breach of any provision of this Lease be taken or held to be a waiver of any further breach of the same provision or any other provision.

(i) Counterparts. This Lease may be executed in any number of counterparts and each fully executed counterpart shall be deemed an original.

(j) Joint Effort. The preparation of this Lease has been a joint effort of the parties hereto and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

(k) Calculation of Time. Unless specifically stated otherwise, any reference to a specific period of days shall be interpreted as a reference to calendar days; provided however, that if such period would otherwise end on a Saturday, Sunday or generally recognized holiday, then the period shall be deemed to end on the next business day.

(l) Successors and Assigns. The conditions, covenants and agreements contained in this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, licensees, successors and assigns. All covenants and agreements of this Lease shall run with the land.

(m) Memorandum of Lease. The parties hereto have, simultaneously with the execution and delivery of this Lease, executed and delivered a Memorandum of Lease substantially in the form attached as Exhibit G to this Lease, which Landlord shall, at its sole expense, cause to be recorded within five (5) days following delivery of this Lease and returned to Tenant by Landlord within five (5) days thereafter.

(n) Force Majeure. Landlord and Tenant shall be excused for the period of any delay in performance of any obligations hereunder by reason of the wrongful or negligent acts or omissions of the other party, their agents, employees, or contractors, or by reason of labor disputes, civil disturbance, war, war-like operations, invasions, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, fires or other casualty, or acts of God (referred to collectively herein as "Force Majeure"). Notwithstanding the foregoing: (a) nothing contained in this Section 31.(n) shall excuse either party from paying in a timely fashion any payments due under the terms of this Lease.

(o) Survival. Unless otherwise provided, upon the termination of this Lease under any of the Sections hereof, the parties hereto shall be relieved of any further liability hereunder except as to acts, omissions or defaults occurring prior to such termination.

(p) Notices. All notices, approvals, requests, consents and other communications given pursuant to this Lease shall be in writing and shall be deemed to have been duly given when delivered (or, if delivery is refused, on the date delivery was attempted) if sent by recognized overnight courier, or upon three (3) business days after deposit in the United States mail if sent by certified or registered mail, postage prepaid, addressed as follows:

If to Landlord: c/o TOLD Development Company
6900 Wedgwood Road, Suite 100
Maple Grove, Minnesota 55311
Telephone: #(612)420-9000
Attention: General Counsel

If to Tenant Metris Direct, Inc.
600 South Highway 169
Interchange Tower, Suite 1800
St. Louis Park, Minnesota 55426-1222

Telephone: 525-5020
Attention: Mr. Lee Stastny

With a Copy to: Brian R. Balow, Esq.
Howard & Howard Attorneys, P.C.
1400 North Woodward Avenue, Suite 101
Bloomfield Hills, Michigan 48304-2856
Telephone: (248) 723-0326

or to any subsequent address which Landlord and Tenant shall designate for such purpose.

Section 32. Compliance with Environmental Laws.

32.01 Landlord warrants and represents to Tenant, that, to the best of Landlord's knowledge and after due inquiry based solely on the "Report", (i) the Demised Premises are in compliance with all applicable environmental laws, rules, requirements, orders, directives, ordinances and regulations of the United States of America or any state, city or municipal government or lawful authority having jurisdiction or affecting the Premises (collectively "Environmental Laws"), and (ii) there are not now, nor have there been any Hazardous Materials (and defined below) used, generated, stored, treated or disposed of thereon, except as may be specifically described in the Phase I Environmental Assessment dated September 11, 1998 and prepared by A&M Engineering and Environmental Services, Inc., a copy of which has been provided to Tenant (the "Report"). Except as set forth in Section 32.03, Landlord shall, at its expense, take all action necessary to ensure that at all times during the term of this Lease, the Demised Premises shall be free of all Hazardous Materials, and shall comply with all Environmental Laws, and are safe for use and occupancy.

32.02 Except as set forth in Section 32.03, Landlord shall defend, indemnify and save Tenant, its officers, directors, agents and employees, harmless from and against all claims, obligations, demands, actions, proceedings and judgments, loss, damage, liability and expense (including reasonable attorneys' fees and expenses) which any one or more of them may sustain or in connection with any environmental condition affecting the Demised Premises.

32.03 Except as provided in Section 32.02 above, Tenant shall at Tenant's own cost and expense, timely comply with all applicable, rules, requirements, orders, directives, ordinances and regulations arising from Tenant's use and occupancy of the Premises, including but not limited to the Environmental Laws, and shall indemnify, defend, save and hold harmless Landlord, its directors, officers, agents and employees from and against any and all claims, demands, losses and liabilities (including reasonable attorneys' fees) resulting from any violation of the Environmental Laws when caused by or results from Tenant's use and occupancy of the Premises.

32.04 The parties hereto specifically agree that the indemnities of Landlord and Tenant contained herein shall not extend to loss of business, lost rentals, or consequential damages nor shall the indemnities of Landlord extend to any holder of a first mortgage or deed of trust ("Mortgagee") on the Demised Premises or any party claiming through said Mortgagee.

32.05

32.05 A. The following terms and conditions regarding environmental matters and the Demised Premises are included in this Lease Agreement:

(1) For the purpose of this Lease Agreement, the phrase "Regulated Materials" shall include, but shall not be limited to, those materials or substances defined as "hazardous substances", "hazardous materials", "hazardous waste", "toxic substances", "toxic pollutant" or other similar designations under the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. 9601, et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S. C. 1801, et seq., or regulations promulgated pursuant thereto.

"Tenant's Regulated Materials" shall mean those Regulated Materials, brought onto, created, stored at, handled, or generated at the Demised Premises by or on behalf of Tenant, its agents, employees, contractors (other than Landlord), subtenants, assignees, suppliers or other invitees. "Landlord's Regulated Materials" shall mean all other "Regulated Materials". Also the phrase "Governmental Agency or Agencies" means any federal, state, local or foreign government, political subdivision, court, agency or other entity, body, organization or group exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government.

B. It shall constitute an Event of Default hereunder and the nondefaulting party shall be entitled to exercise all remedies available to it hereunder if:

(1) Tenant or Landlord shall fail to comply with the covenants contained in Sections 32.02 and 32.03 within thirty (30) days after receipt of notice hereof or fails to commence such compliance within such time and diligently continues such compliance to completion;

(2) any Landlord's or Tenant's Regulated Materials are hereafter found to exist on the Demised Premises or in its soil or groundwater and Tenant or Landlord, as the case may be, shall fail within seventy-five (75) days after receipt of notice thereof, to commence and diligently pursue such actions as are necessary to remove the same from the Demised Premises; or

(3) any summons, citation, directive, letter or other communication, written or oral, shall be issued by any governmental agency or agencies concerning the matters described in subparagraphs 32.02 and 32.03 above and the responsible party fails to cure the condition occasioning the same within the time limit set forth in this subparagraph 32.05(B) (1) or (2).

In the event Landlord or Tenant fails to comply with the terms of this Section 32, the noncompliant party, hereby grants to the other party and its employees and agents an irrevocable and non-exclusive license to enter the Premises in order to inspect, conduct testing and remove Landlord or Tenant Regulated Materials. All costs of such inspection, testing and removal related to Tenant Regulated Materials shall be due and payable from Tenant as Additional Rent hereunder upon demand; all costs of such inspection, testing and removal related to Landlord Regulated Materials shall be due and payable from Landlord on demand.

32.06 The representations, covenants and indemnifications given by Tenant to Landlord and Landlord to Tenant in this Section 32 shall be a separate agreement between the parties, and shall survive any termination of the Lease Agreement.

32.07 Landlord warrants and represents that it is not otherwise aware of any violation of the statutes, rules and regulations set forth in Section 32.05(A)(1) above as it relates to the Demised Premises.

Section 33. Landlord's Representations and Warranties. Landlord represents and warrants that, as of the date hereof and as of the Commencement Date:

(a) After due inquiry, Landlord does not have knowledge of, nor reason to believe that there are, grounds for the filing of a lien against the Demised Premises;

(b) After due inquiry, Landlord does not have knowledge of any pending condemnation or similar proceeding affecting the Demised Premises or any portion thereof;

(c) After due inquiry, Landlord does not have knowledge of any legal actions, suits, or other legal or administrative proceedings, pending or threatened against the Demised Premises nor that any such action, suit, proceeding or claim has been threatened or asserted against Landlord or the Demised Premises;

(d) Landlord has granted no lease (other than this Lease) or license, nor created any tenancies, affecting the Demised Premises and there are no parties in possession of any portion of the Demised Premises as trespassers or otherwise;

(e) After due inquiry, Landlord does not have knowledge of any cured or uncured violations of federal, state or municipal laws, ordinances, orders, regulations, or requirements affecting any portion of the Demised Premises;

(f) The Demised Premises have legal access for ingress and egress to abutting public highways, streets and roads in the size and locations depicted on Exhibit B;

(g) After due inquiry, Landlord does not have knowledge of any pending or threatened governmental or private proceedings which would impair or result in the termination of access for ingress and egress from the Demised Premises to abutting public highways, streets, and roads in the size and locations depicted on Exhibit B;

(h) After due inquiry, Landlord does not have knowledge, or reason to believe, that there are (i) any environmental defects affecting the Demised Premises or adjacent property, (ii) radon or radon decay or asbestos or asbestos decay products within the buildings on the Demised Premises at greater that generally accepted safe levels, or (iii) mines or other subsurface conditions which would have a materially adverse effect on the Demised Premises;

(i) There will be in existence at the Commencement Date adequate water, electrical, storm and sanitary sewage, telephone, and gas utility service required for the intended use of the Demised Premises;

(j) Prior to the commencement of construction and closing on the purchase of the Land, the intended use and occupancy of the Demised Premises in accordance with the Final Plans and Specifications are in full compliance with all requirements of applicable building, zoning and land development ordinances and all conditions of applicable planning board subdivision, site plan and variance (if any) approvals;

(k) Based solely in the Phase I Report ("Report"), there are no underground storage tanks located on the Demised Premises nor have there been any in the past;

(l) Landlord will as a condition of Lease obtain all required site plan and other approvals, permits, consents, and certificates including, without limitation, building permits and final certificates of occupancy for Tenant's occupancy and intended use.

Section 34. Regulatory Compliance.

(a) Landlord represents, warrants and covenants that the Demised Premises and any common area as depicted on the Final Plans and Specifications are designed in compliance with all applicable laws, regulations and building codes governing non-discrimination in public accommodations and commercial facilities (the "Public Accommodation Laws"), including, without limitation, the requirements of the Americans with Disabilities Act and all regulations thereunder, in effect as of the date of the Final Plans and Specifications.

(b) Landlord agrees to indemnify, defend and hold harmless Tenant, its officers, directors and employees from and against any and all claims, liabilities, losses and expenses (including reasonable attorneys' fees) arising directly as a result of Landlord's failure to comply with the provisions of subsection (a) of Section 34.

(c) Tenant, shall, at its sole cost and expense make any modification or improvements to the Demised Premises, which are required by the Public Accommodation Laws after the date of the Final Plans and Specifications, provided that all changes to the Demised Premises are made in compliance with the Public Accommodation Laws all at Tenant's sole cost and expense.

(d) Except with respect to Landlord's obligation in (S) 34(a) above to design Landlord's Improvements, Tenant shall, throughout the term of this Lease, and at Tenant's sole cost and expense, comply or cause compliance with or remove or cure any violation of any and all present and future laws (including requirements of the Americans with Disabilities Act, as modified from time to time), ordinances, orders, rules, regulations and requirements of all federal, state, municipal and other governmental bodies having jurisdiction over the Demised Premises and the appropriate departments, commissions, boards and officers thereof, and the orders, rules and regulations of the Board of Fire Underwriters where the Demised Premises are situated, or any other body now or hereafter constituted exercising lawful or valid authority over the Demised Premises, or any portion thereof, or the sidewalks, curbs, roadways, entrances located on the Demised Premises, or exercising authority with respect to the use or manner of use of the Demised Premises, or such adjacent or appurtenant facilities, and whether the compliance, curing or removal of any such violation and the costs and expenses necessitated thereby shall have been foreseen or unforeseen, ordinary or extraordinary, and whether or not the same shall be presently within the contemplation of Landlord or Tenant or shall involve any change of governmental policy, or require structural or extraordinary repairs, alterations or additions by Tenant and irrespective of the costs thereof.

Section 35. Right of Notice.

(a) Landlord agrees that if it reaches a decision to offer the Demised Premises for sale (or accept offers therefor) at any time after the first anniversary date of the Commencement Date and prior to the eighth anniversary date of the Commencement Date, it shall provide notice of its intent to sell the Demised Premises in writing along with the sale price ("Quoted Price"), to Metris Companies, Inc. and Metris Companies, Inc. shall have the right to accept said Quoted Price and negotiate with Landlord all other terms of the purchase provided Metris Companies, Inc. (x) agrees to the terms of the purchase with Landlord within ten (10) business days of said notice, and (y) executes a purchase agreement with Landlord within thirty (30) days of the notice, which purchase shall close sixty (60) days after execution of the purchase agreement and delivery of ten percent (10%) of the purchase price as earnest money

thereunder. Said purchase price should include assumption of any existing financing on the Demised Premises and payment of the balance of the purchase price in cash.

(b) In the event Metris Companies, Inc. fails to make the offer and execute the purchase agreement as set forth in Section 35.(a) hereof within the time and in the manner therein provided, Landlord shall have the right to sell the Demised Premises to any purchaser without limitation provided a purchase agreement is entered into within thirteen (13) months of the date of Landlord's delivery of the Quoted Price to Metris Companies, Inc. If a purchase agreement is not entered into within said thirteen (13) month period and subsequently closed, or if a sale is closed pursuant to Section 35.(b), then in either event, any subsequent sale shall be subject once again to the terms of this Right of Notice.

(c) This Section 35 shall apply only to a sale to "unrelated parties" as such term is defined below and shall not apply to offers for sale (or acceptance of offers to purchase) which are "like kind" exchanges of property whether or not there is "boot" paid, transfers to partners, members or joint venturers of Landlord or to persons in the family of any affiliate of any partner or member of the Landlord, transfers to any trustee or trust owned or controlled by Landlord, its partners, members or shareholders, or related entities or to any wholly owned subsidiary or entity controlled by the Landlord, or its partners, or their shareholders or their families. If a transaction is not a "like kind" exchange or is not a transfer as above specified, the transaction shall be deemed to be with an "unrelated party."

Section 36. Guarantee of Lease. All of the obligations of Tenant under the terms and conditions of this Lease are unconditionally guaranteed by Metris Companies, Inc. (the "Guarantor"), pursuant to the terms of the Guarantee attached hereto and incorporated herein by reference as Exhibit "H". Such guarantee shall be executed by Guarantor in form reasonably satisfactory to Landlord's counsel. At any time that Tenant is required to furnish a certificate pursuant to Section 25 hereof, Guarantor, by guarantying the terms and conditions of this Lease, agrees that Guarantor, upon thirty (30) days prior written request to Tenant, shall certify (by written instrument, duly executed, acknowledged and delivered to Landlord and to any third person designated by Landlord in such request) that it concurs with the statements set forth in such certificate by Tenant and that its Guarantee remains in full force and effect as to all obligations to Landlord (and any such designated third party) within such thirty-day period shall constitute automatic approval of the requested certificate as though such certificate had been fully executed and delivered to Landlord and such designated third party. By

execution of this Lease and the aforesaid Guarantee, Guarantor agrees to deliver to Landlord the following instruments and documents:

(a) A certified copy of the Resolution of the Board of Directors of Guarantor, certified by the Secretary of Guarantor, unconditionally authorizing the execution and delivery of the Guarantee;

(b) An opinion of Guarantor's counsel that (i) the Guarantee has been duly authorized by all necessary corporate action and is a valid and binding guarantee enforceable against Guarantor in accordance with its terms; and (ii) Guarantor is a duly organized and validly existing corporation under the laws of the state of its incorporation, is duly authorized to carry on its business, and is in good standing under the laws of that State.

Section 37. Option to Purchase Demised Premises.

37.1 Subject to termination of this Option as set forth in Section 37.14 below, Tenant shall have the option to purchase the Demised Premises during the period from June 1, 2001 to October 31, 2001 (the "Option").

Such Option may only be exercised if (1) this Lease is in full force and effect at the time said Option is exercised, (2) Tenant is not in default under any of the terms, covenants and conditions herein at the time of exercise; provided, however, Landlord shall have the right in its sole discretion to waive the non-default condition herein and (3) is exercised by Metris Companies, Inc. or a wholly-owned subsidiary of said company and by no other entity. Exercise may only be made by Tenant strictly in accordance with the terms and conditions herein, and said Option shall be at the Option Price to be determined in accordance with Paragraph 37.2 hereof, and in accordance with the terms and conditions set forth in Paragraphs 37.3 through 37.13 hereof.

37.2 The Option Price for the Demised Premises shall be the Fair Market Value (at exercise of the Option) of the Demised Premises, together with all additions, alterations and replacements thereof (except Tenant's moveable trade fixtures, machinery and equipment). In the event the parties cannot agree upon the Option Price within thirty (30) days after exercise of the within Option, the Fair Market Value of the Demised Premises shall be determined by arbitration in accordance with the provisions of Section 3(c) of this Lease Agreement. The Fair Market Value shall be determined assuming the highest and best use of the Demised Premises and using those of the following assumptions selected by Landlord, which shall be selected by Landlord by written notice to Tenant within thirty (30) days of exercise by Tenant of its Option:

(a) That the Demised Premises are free of and unencumbered by this Lease; or that the Demised Premises are encumbered by this Lease.

(b) That Tenant does not have any option to purchase the Premises; or that Tenant does have the option to purchase the Premises.

(c) That the Demised Premises are subject to and have the benefit of any existing mortgage on the Demised Premises; or that the Demised Premises are not subject to any existing mortgage and is free of mortgages.

37.3 Tenant shall signify its intent to exercise the Option contained in Paragraph 37.1, if at all, by delivering to Landlord, within the Option Period, its written notice of exercise of such Option, accompanied by an irrevocable letter of credit which allows Landlord to draw upon same without conditions in the event of a default by Tenant hereunder, drawn on a bank reasonably acceptable to Landlord (the "Option Agreement").

The Option Price for the Demised Premises, determined pursuant to Paragraph 37.2 hereof, shall be paid to Landlord by Tenant in the following manner, to-wit.

(a) $500,000.00 by application against such Option Price of Option Deposit, accompanying Tenant's written notice of exercise of the Option.

(b) The balance of such Option Price by wire transfer to Seller's designated bank account in Minneapolis, Minnesota, providing "good funds" on the date of closing.

37.4 Landlord shall, within a reasonable time after receipt of notice of exercise of such Option accompanied by said Option Deposit, and after the Option Price has been determined as above set forth, furnish to Tenant a commitment for an Owner's policy of Title Insurance issued by Old Republic National Title Insurance Company (or other title insurance company selected by Landlord and reasonably acceptable to Tenant) showing title to the Demised Premises in Landlord and subject only to the exceptions described in Paragraph 37.5 hereof, and the standard exceptions to an ALTA Form B policy, except as hereinafter provided. Tenant shall pay all costs of issuance of said commitment and any

policy issued in connection therewith. Such commitment shall include "extended coverage" over (1) survey exceptions, (2) mechanic's liens arising out of work by or under Landlord as to work theretofor completed, and (3) easements not of record. Tenant shall be allowed thirty (30) days after receipt of such commitment for examination and the marking of objections thereto. Said objections shall be made in writing or deemed to be waived. If any objections are so made, Landlord shall be allowed sixty (60) days to make such title insurable. Pending correction of title, the payments hereunder required shall be postponed, but upon correction of title and within ten (10) days after written notice to Tenant, Tenant shall perform its obligations in accordance with the terms, covenants and conditions of this Section 37.

Landlord shall use all reasonable efforts to avoid encumbering of the Demised Property with easements except as permitted herein but this provision shall not constitute a warranty against such easements.

If said title is not insurable and is not made so within sixty (60) days from the date of written objection thereto, as above provided, any agreement of purchase resulting from the exercise of such Option shall, at the written election of Tenant, be null and void an the Option

Deposit shall be immediately returned to Tenant. In such event neither party shall be liable for damage under such resulting purchase agreement to the other party. Tenant shall exercise its election by declaring such resulting purchase agreement null and void by delivering to Landlord a written notice to such effect within ten (10) days after the expiration of the aforesaid sixty (60) day period.

If title to the Demised Premises be found insurable, or be so made within sixty (60) days from the date of written objection thereto, and Tenant shall default in its agreement to pay the balance of the Option Price and continue in default for a period of ten (10) days after written notice of default by Landlord to Tenant, then, in that case, Landlord may terminate such exercise of Option and the resulting purchase agreement, time being of the essence hereof, and retain from the Option Deposit the amount of all third-party out-of-pocket expenses incurred by Landlord as a result of Tenant exercising its option to purchase, plus Fifty Thousand and NO/100 Dollars ($50,000.00), but this provision shall not deprive either party of the right of claim for damages or enforcing specific performance, provided that such action for specific performance shall be commenced within six (6) months after such right of action shall arise.

37.5 Subject to the performance by Tenant, Landlord agrees to execute and deliver a Limited or Special Warranty Deed conveying title to the Demised Premises to Tenant or Guarantor, subject only to the following exceptions:

(a) Building, zoning and subdivision laws, ordinances and State and Federal regulations;

(b) Easements, encumbrances, restrictions and other matters of record at the time of sale;

(c) Rights of Tenant, approved subtenants of Tenant, its successors and assigns;

(d) Real estate taxes and annual installments of special assessments payable subsequent to closing which are not delinquent. An estimated proration shall be made as of closing and an appropriate readjustment made when final tax bills are available;

(e) Matters created which are the obligation of Tenant under this Lease;

(f) Other charges which are the obligation of Tenant under this Lease;

(g) Such other easements, restrictions or encumbrances as may have been consented to by Tenant;

(h) Streets and highway rights-of-way as they may now exist or may then exist;

(i) Any mortgage assumed by Tenant under the provisions of subparagraph 37.7 hereof.

37.6 Closing of said sale, pursuant to the aforementioned exercise of Option, shall be within sixty (60) days after notice of exercise of Option by Tenant, save and except for extensions for determination of the Option Price by arbitration and except for extensions pursuant to paragraph 37.4. All rents and other charges payable by Tenant in respect of the Demised Premises and all other obligations of Tenant hereunder accruing prior to closing shall be paid performed and complied with until such time as the full Option Price has been paid to Landlord.

The parties further agree that pro rata adjustments for rent and other matters shall be made as of the date of closing.

37.7 In the event that there is any mortgage encumbering the Demised Premises at the time of closing and the mortgagee or the mortgage, of the accompanying mortgage note or other supplemental mortgage document, requires the payment of a penalty on the prepayment of such mortgage, Teant shall pay such prepayment penalty. If any such mortgage is closed to prepayment, the Option granted herein shall be subject to the terms and conditions of any first mortgage encumbering the Demised Premises at the time of closing, provided Landlord shall be required to cause such mortgage to be assumable by Tenant and Tenant shall receive a credit on the purchase price in an amount equal to the then unpaid principal balance assumed by Tenant on said mortgage and shall indemnify and hold Landlord harmless from any further liability in respect to such mortgage and collateral mortgage documents by assumption agreement satisfactory to Landlord.

37.8 Tenant's Option under this Section 37 shall be subject and subordinate to the lien of any mortgage (and collateral mortgage documents) on the Demised Premises, so long as no such mortgage would preclude, hinder or unreasonably delay Tenant's exercise of its Option as provided herein.

37.9 Time shall be of the essence in the performance of the terms and conditions of this Option. The Option to purchase herein is appurtenant to Tenant's interest in this Lease Agreement and may not be assigned separately therefrom.

37.10 Tenant shall have the right to withdraw its exercise of the Option in the event of condemnation subsequent to exercise of the within Option provided said withdrawal is provided in writing within the ten (10) days of the final action of the condemning authority condemning a material part or all of the Demised Premises.

37.11 At closing Tenant shall deliver to Landlord and Landlord shall deliver to Tenant an agreement, canceling and terminating this Lease Agreement and releasing each party from its obligations to the other party under this Lease Agreement accruing subsequent to closing.

37.12 Each party shall indemnify, defend and hold harmless the other party from the claim of any broker or agent arising out of exercise of the Option to purchase the Demised Premises claiming through said indemnifying party.

37.13 The Fair Market Value shall not be reduced by reason of damage or destruction by fire or other causes, therefore, the Fair Market Value of the

Demised Premises shall be determined in its undamaged state. Landlord shall, however, deliver to Tenant, at closing, all of Landlord's right, title and interest in any property insurance proceeds arising out of such damage or destruction to the Demised Premises.

37.14 This Option to Purchase shall be and become null and void and of no further force and effect in the event Tenant has been given an opportunity pursuant to Section 35 to purchase the Demised Premises and failed to exercise its right to purchase set forth in said Section 35 and Landlord subsequently sells or transfers its interest in the Demised Premises to an unrelated third party. Thereafter, the terms of Section 37 shall be null and void.

IN WITNESS WHEREOF, the parties have signed this Lease on the date first above written.

LANDLORD:
MERIDIAN TULSA L.L.C., an Oklahoma limited liability company

By: /s/ Bryant J. Wangard

Bryant J. Wangard
Its: Manager

TENANT:

METRIS DIRECT, INC., a Delaware corporation

By: /s/ Ronald Zebeck

Name: Ronald Zebeck

Its: President & Chief Executive Officer

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 8/th/ day of March, 1999, by Bryant J. Wangard, Manager of MERIDIAN TULSA L.L.C., an Oklahoma limited liability company, organized and existing under the laws of the State of Oklahoma, on behalf of the limited liability company.

/s/ Beborah J. Morey

Notary Public, Hennepin County
State of Minnesota
My Commission Expires: January 31/st/, 2000

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 3/rd/ day of March, 1999, by Ronald N. Zebeck, the President & Chief Executive Officer of Metris Direct, Inc., a corporation organized and existing under the laws of the State of Delaware, on behalf of the corporation.

/s/ Cynthia J. Burda

Notary Public, Dakota County
State of Minnesota
My Commission Expires: January 31, 2000

EXHIBIT "A"

Beginning at the Northwest corner of Lot 2, Block 1 of the AmberJack Subdivision, an addition to the City of Tulsa, Tulsa County, Oklahoma. According to the recorded plat thereof; thence along a curve to the left, having a central angle of 25-02-41 and a radius of 384.0 feet, a distance of 167.85 feet; thence S 89-55-46 E, a distance of 233.89 feet; thence along a curve to the left, having a central angle of 06-37-00 and a radius of 1022.0 feet, a distance of 118.02 feet; thence N 83-27-14E, a distance of 136.06 feet; thence along a curve to the right, having a central angle of 06-37-00 and a radius of 978.0 feet, a distance of 112.94 feet; thence S 89-55-46 E, a distance of 62.16 feet; thence along a curve to the right, having a central angle of 90-00-00 and a radius of 30.0 feet, a distance of 47.12 feet; thence S 00-04-14 W, a distance of 818.30 feet to the Southeast corner of said Lot 2; thence S 00-04-14 W, a distance of 255.06 feet; thence N 89-55-39 W, a distance of 40.76 feet; thence along a curve to the right, having a central angle of 64-20-01 and a radius of 150.0 feet, a distance of 168.43 feet; thence N 25-35-38 W, a distance of 61.30 feet, thence along a curve to the left, having a central angle of 30-52-07 and a radius of 350.0 feet, a distance of 188.57 feet; thence N 56-27-45 W, a distance of 457.44 feet; thence along a curve to the right, having a central angle of 45-52-49 and a radius of 225.0 feet, a distance of 180.17 feet; thence N 10-34-56 W, a distance of 235.91 feet; thence N 25-32-15 E, a distance of 50.89 feet; thence N 10-34-56 W, a distance of 156.31 feet to the point of beginning. Containing 14.641 acres, more or less.

EXHIBIT B

SITE PLAN

EXHIBIT C

OUTLINE PLANS AND SPECIFICATIONS

To come.

Exhibit C

EXHIBIT D

CONSTRUCTION SCHEDULE

Key construction dates for the project, based upon current information is as follows:

1.	TOLD/Manhattan Construction Contract	2/12/99
2.	Manhattan/Steel Fabricator Contract	2/19/99
3.	Structural Steel Millorder documents issued	2/19/99
4.	Site Grading/Utility documents issued	2/19/99
5.	Tulsa Planning Commission (INCOG) approval	2/24/99
6.	Millorder placed, shop drawing starts	2/26/99
7.	Building Foundation Documents issued	3/05/99
8.	Tulsa City Council approval	3/11/99
9.	Underground MEP/Plumbing documents issued	3/12/99
10.	Site Grading with "Earth Change" permit	3/15/99
11.	TOLD Development property acquisition	3/17/99
12.	Complete Structural/Misc. Steel documents issued	3/19/99
13.	Foundations commence	3/22/99
14.	Enclosure/Roofing Documents issued	3/26/99
15.	Structural Steel erection commences	4/12/99
16.	Interior Finishes Documents issued	4/30/99
17.	Building Topped Out	5/28/99
18.	Building Dried-In	7/06/99
19.	Conditioned Air	9/03/99
20.	Metris FF&E Move-In Starts	9/27/99
21.	Finishes Complete	10/29/99
22.	Final Cleaning and Punchlists Complete	11/01/99
23.	Initial Metris Occupancy	12/01/99
24.	Daycare Center Operational	?Later?
25.	Kitchen Operational	?Later?

The above list will be updated on a regular basis as construction commences.

Exhibit D

EXHIBIT E

PERMITTED ENCUMBRANCES

Permitted Encumbrances:

1. Building, zoning and subdivision ordinances, state and federal regulations.

2. Real Estate Taxes and installments of special assessments due and payable subsequent to the Commencement Date.

3. Easements, declarations and covenants required or desirable in development of the Demised Premises which do not materially, adversely interfere with Tenant's use of the Demised Premises.

4. Matters created by acts or omissions of Tenant.

5. That certain Declaration of Covenants, Conditions and Restrictions which Amberjack, Ltd. will place of record upon purchase of the Land.

6. Any and all interest in and to all the oil, gas, coal and other minerals and

all rights pertaining thereto.

7. Utility easement across the North and East 17.5 feet of said property as shown on plat.

8. Restrictive Covenants recorded in Plat No. 4727, in Restriction Agreement recorded in Book 4032, Page 928, and Amendments recorded in Book 4264, page 1323, in Book 4517, Page 1521, in Book 4622, Page 492, and in Book 4805, Page 2296, which do not provide for forfeiture or reversion of title.

9. Building limit restriction lines shown on subdivision plat and restrictions recorded in Plat No. 4727, in Book 4264, Page 1323, and in Book 4622, Page 492.

10. Right-of-way/easement recorded in Book 4524, Page 740.
11. Right-of-way/easement recorded in Book 4637, Page 1104.

Exhibit E

SCHEDULE A

DESCRIPTION OF LANDLORD'S PREMISES

Schedule A

EXHIBIT F

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Tenant and Landlord's Mortgagee will agree to the form of said Subordination Agreement.

Exhibit F

EXHIBIT G

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE, entered into as of the ____ day of March, 1999, by and between Meridian Tulsa L.L.C., an Oklahoma limited liability company ("Landlord"), and Metris Direct, Inc., a Delaware corporation ("Tenant").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant entered into a Lease dated as of March ____, 1999 ("Lease") whereby Landlord demised and leased to Tenant for the Term set forth below (and at a rental and upon such other terms and conditions as are stated in the Lease) for certain real estate situated in the State of Oklahoma, County of _____, more particularly described on the attached Exhibit A ("Premises").

WHEREAS, Landlord and Tenant hereby execute this Memorandum of Lease for the purpose of evidencing Tenant's interest in the Premises, TO HAVE AND TO HOLD the Premises unto Tenant upon the terms, covenants and conditions contained in the Lease, for a Term of ten (10) years, subject to _____ separate options to extend the Term for successive periods of _____ years each.

This Memorandum of Lease is made and executed and is to be recorded in the office of the Recorder of Deeds in and for _____ County, _____, for the purpose of giving notice of the Lease and the rights of the parties thereunder.

This Memorandum of Lease is subject in each and every respect to the rental and other terms, covenants and conditions contained in the Lease and is executed by Landlord and Tenant with the understanding and agreement that nothing contained herein shall in any manner alter, modify or vary the rental or other terms, covenants or conditions of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum of Lease as of the day, month and year first above written.

LANDLORD:	TENANT:
MERIDIAN TULSA L.L.C., an Oklahoma limited liability company	METRIS DIRECT, INC., a Delaware corporation
By: _____ Bryant J. Wangard	By: _____
Its: Manager	Its: _____

Drafted by:
Thomas M. Burke
c/o TOLD Development Company
6900 Wedgwood Road, Suite #100
Maple Grove, MN 55311
Ph:# (612)420-9000

Exhibit G

STATE OF MINNESOTA }
}ss.
COUNTY OF HENNEPIN }

Personally came before me this _____ day of _____, 1999, the above-named Bryant J. Wangard, the Manager of MERIDIAN TULSA L.L.C., an Oklahoma limited liability company, to me known to be the person who executed the foregoing instrument and acknowledged the same.

_____
Notary Public

STATE OF _____ }
}ss.
COUNTY OF _____ }

Personally came before me this _____ day of March, 1999, the above-named _____, the_____ of Metris Direct, Inc., to me known to be the person who executed the foregoing instrument and acknowledged the same.

_____
Notary Public

Exhibit G

EXHIBIT H

GUARANTEE OF LEASE

This Guaranty is made by METRIS COMPANIES, INC., a Delaware corporation ("Guarantor") to and for the benefit of MERIDIAN TULSA L.L.C., an Oklahoma limited liability company ("Landlord"), with respect to that Office Building Lease dated February 22, 1999 (the "Lease") between Landlord and Metris Direct,

Inc., a Delaware corporation ("Tenant"), for the property commonly known as the Metris Building and located in Tulsa, Oklahoma (the "Premises"). Landlord is unwilling to enter into the Lease unless Guarantor executes and delivers this Guaranty and Guarantor is willing to enter into this Guaranty in order to induce Landlord to enter into the Lease.

Therefore, in consideration of Landlord entering into the Lease, Guarantor agrees as follows:

1. Guarantor jointly and severally, unconditionally, absolutely and irrevocably guarantees and promises (a) to pay to Landlord, or order, any and all amounts, including, without limitation, Base Rent and Additional Rent, including without limitation, Operating Costs, taxes, insurance premiums, impounds, reimbursements, late charges, default interest, damages and all other amounts, costs, fees, expenses and charges of any kind or type whatsoever, which may or at any time be due to Landlord pursuant to the Lease, and (b) the truthfulness and accuracy of all representations, warranties and certifications of Tenant, the satisfaction of all conditions by Tenant and the full and timely performance of all obligations to be performed by Tenant, under or pursuant to the Lease (the "Obligations").

2. The obligation of each Guarantor is primary, joint and several and independent of the obligation of any and every other Guarantor or Tenant, and a separate action or actions may be brought and executed against any one or more Guarantor, whether or not such action is brought against Tenant or any other Guarantor and whether or not Tenant or any other Guarantor be joined in such action or actions. This Guaranty is entered into by each of the individuals included in the term "Guarantor" on behalf of his or her community, if any, and a community obligation as well as individually and as the individual obligation of each and may be enforced against the community property and separate property of each. This Guaranty shall apply to the parties hereto and their successors and assigns according to the context hereof and without regard to the number or gender of words or expressions used herein.

3. This is an absolute and unconditional guaranty of payment and performance and not of collection and Guarantor unconditionally (a) waives any requirement that Landlord first make demand upon, or seek to enforce or exhaust remedies against, Tenant or any other person or entity (including any other Guarantor) or any of the collateral or property of Tenant or such other person or entity before demanding payment from, or seeking to enforce this Guaranty against, Guarantor; (b) waives and agrees not to assert any and all rights, benefits and defenses which might otherwise be available under the provisions of Oklahoma statutes or rules which might operate, contrary to Guarantor's agreements in this Guaranty, to limit Guarantor's liability under, or the enforcement of this Guaranty; (c) covenants that this Guaranty will not be discharged until all of the Obligations are fully satisfied; (d) agrees that this Guaranty shall remain in full effect without regard to, and shall not be affected or impaired by, any invalidity, irregularity or unenforceability in whole or in part of the Lease, or any limitation of the liability of Tenant or Guarantor thereunder, or any limitation on the method or terms of payment thereunder which may now or hereafter be caused or imposed in any manner whatsoever; and (e) waives notice of acceptance of this Guaranty, notice of defaults under the Lease, presentment, protest, demand and diligence.

4. This Guaranty is a continuing guaranty, and the obligations, undertakings and conditions to be performed or observed by Guarantor under this Guaranty shall not be affected or impaired by reason of the happening from time to time of the following with respect to the Lease, all without notice to, or the further consent of, Guarantor: (a) the waiver by Landlord of the observance or performance by Tenant, Guarantor or any one or more of them of any of the obligations, undertakings, conditions or other provisions contained in the Lease, except to the extent of such waiver; (b) the extension, in whole or in part of the time for payment of any amount owning or payable under the Lease; (c) the modification or amendment (whether material or otherwise) of any of the obligations of Tenant under, or any other provisions of, the Lease, except to

the extent of such modification or amendment; (d) the taking or the omission of any of the actions referred to in the Lease (including, without limitation, the giving of any consent referred to therein); (e) any failure, omission, delay or lack on the part of Landlord to enforce, assert or exercise any provision of the Lease, including any right, power or remedy conferred on Landlord in the Lease or any action on the part of Landlord granting indulgence or extension in any form; (f) the assignment to or assumption by any third party of any or all of the rights or obligations of Tenant under the Lease; (g) the release or discharge of Tenant from the performance or observance of any obligation, undertaking or condition to be performed by Tenant under the Lease by operation of law, including any rejection or disaffinnance of the Lease in any bankruptcy or similar proceedings; (h) the receipt and acceptance by Landlord or any other person or entity of notes, checks or other instruments for the payment of money and extensions and renewals thereof; (i) any action, inaction or election of remedies by Landlord which results in any impairment or destruction of any subrogation rights of Guarantor, or any rights of Guarantor to proceed against any other person or entity for reimbursement; (j) any setoff, defense, counterclaim, abatement, recoupment, reduction, change in law or any other event or circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor, indemnitor or surety under the laws of the State of Oklahoma or any other jurisdiction; or (k) the termination or renewal of any of the Obligations or any other provision thereof.

5. Guarantor represents and warrants to Landlord that: (a) Neither the execution nor delivery of this Guaranty nor fulfillment of nor compliance with the terms and provisions hereof will conflict with, or result in a breach of the terms or conditions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of Guarantor under any agreement or instrument to which Guarantor is now a party or by which Guarantor may be bound, which conflict, breach, default, lien, charge or encumbrance could result in a material adverse change in the financial condition of Guarantor; (b) No further consents, approvals or authorizations are required for the execution and delivery of this Guaranty by Guarantor or for Guarantor's compliance with the terms and provisions of this Guaranty; (c) This Guaranty is the legal, valid and binding agreement of Guarantor and is enforceable against Guarantor in accordance with its terms; (d) Guarantor has the full power, authority, capacity and legal right to execute and deliver this Guaranty, and, to the extent Guarantor is a corporation or partnership, the parties executing this Guaranty on behalf of Guarantor are fully authorized and directed to execute the same to bind Guarantor; (e) Guarantor is not a "foreign corporation," "foreign partnership," "foreign trust," or "foreign estate," as those terms are defined in the U.S. Internal Revenue Code and the regulations promulgated thereunder; (f) During the term of this Guaranty, Guarantor will not transfer or dispose of any material part of its assets except in the ordinary course of business for Guaranty for full and fair consideration and reasonably equivalent value; and (g) the Lease is conclusively presumed signed in reliance on this Guaranty and the assumption by Guarantor of its obligations under this Guaranty results in direct financial benefit to Guarantor.

6. This Guaranty shall commence upon execution and delivery of the Lease and shall continue in full force and effect until all of the Obligations are duly, finally and permanently paid, performed and discharged unless and until all payments by Tenant to Landlord are no longer subject to any right on the part of any person whomsoever, including but not limited to Tenant, Tenant as a debtor-in-possession and/or any trustee in bankruptcy, to disgorge such payment or seek to recoup the amount of such payments or any part thereof.

The foregoing shall include, by way of example and not by way of limitation, all rights to recover preferences voidable under Title 11 of the United States Bankruptcy Code, 11 U.S.C. Sec. 101 et seq., as amended (the "Code"). In the event that any such payments by Tenant to Landlord are disgorged after the making thereof, in whole or in part, or settled without litigation, to the extent of such disgorgement or settlement, Guarantor shall be liable for the full amount Landlord is required to repay plus interest, late charges, attorneys' fees and any and all expenses paid or incurred by Landlord in

connection therewith.

7. Guarantor shall neither have any right of subrogation, indemnity or reimbursement nor hold any other claim against Tenant, and does hereby release Tenant from any and all claims by Guarantor now or hereafter arising against Tenant. Furthermore, Guarantor hereby unconditionally and irrevocably waives (a) any right to participate in any security now or hereafter held by Landlord or in any claim or remedy of Landlord or any other person against Tenant with respect to obligations guaranteed hereby, (b) any statute of limitations affecting Guarantor's liability hereunder, (c) all principles and provisions of law which conflict with the terms of this Guaranty, and (d) diligence, presentment, demand for performance, notice of nonperformance, notice of intent to accelerate and acceleration, notice of protest, notice of dishonor, notice of execution of the Lease, notice of extension, renewal, alteration or amendment, notice of acceptance of this Guaranty and all other notices whatsoever. Notwithstanding the foregoing, in the event that Guarantor shall have any claims against Tenant, any indebtedness of Tenant now or hereafter held by Guarantor is hereby subordinated to the indebtedness of Tenant to Landlord. Any such indebtedness of Tenant to Guarantor, if Landlord so requests, shall be collected, enforced and received by Guarantor as trustee for Landlord and be paid over to Landlord on account of the obligations guaranteed hereby, but without reducing or effecting in any manner the liability of Guarantor under the other provisions of this Guaranty.

8. It is not necessary for Landlord to inquire into the powers of Tenant or its officers, directors, partners or agents acting or purporting to act on its behalf, and Guarantor shall be liable for the obligations of Tenant in accordance with their terms notwithstanding any lack of authorization or defect in execution or delivery by Tenant.

9. In addition to the amounts guaranteed under this Guaranty, Guarantor agrees to pay (i) all of Landlord's attorneys' fees and other costs and expenses which may be incurred by Landlord in the enforcement of this Guaranty, and (ii) interest (including postpetition interest to the extent a petition is filed by or against Tenant under the Code) at the Default Rate (as defined in the Lease) on any Obligations not paid when due.

10. Guarantor hereby agrees to defend, indemnify and hold harmless Landlord from any loss, cause of action, claim, cost, expense or fee, including but not limited to attorneys' fees, suffered or occasioned by the failure of Tenant to satisfy its obligations under the Lease. The obligations of Guarantor under this paragraph shall be independent, primary, joint and several obligations of Guarantor. The agreement to indemnify, protect, defend and hold harmless Landlord contained in this paragraph shall be enforceable notwithstanding the invalidity or unenforceability of the Lease or the invalidity or unenforceability of any other paragraph contained in this Guaranty.

11. All moneys available to Landlord for application in payment or reduction of the liabilities of Tenant under the Lease may be applied by Landlord to the payment or reduction of such liabilities of Tenant, in such manner, in such amounts and as such time or times as Landlord may elect.

12. This Guaranty shall be governed by the laws of the State of Oklahoma, without giving effect to conflict of laws principles.

13. All of Landlord's rights and remedies under the Lease and this Guaranty are intended to be distinct, separate and cumulative and no such right and remedy is intended to be in exclusion of or a waiver of any of the others.

14. This Guaranty is solely for the benefit of Landlord, its successors and assigns, and is not intended to nor shall be deemed to be for the benefit of any third party, including, without limitation, Tenant.

15. If any provision of this Guaranty is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force

and effect.

Date: March 3, 1999.

METRIS COMPANIES, INC., a Delaware corporation

By: /s/ Ronald Zebeck

Name: Ronald Zebeck

Title: President & C.E.O

GUARANTOR

Exhibit H

EXHIBIT 10.44

PROMISSORY NOTE

FOR THE BANK OF AMERICA LOAN

AMENDED AND RESTATED REVOLVING CREDIT NOTE

$26,725,000.00 February 24, 2000

1. Loan Terms; Payment Schedule and Maturity Date. FOR VALUE RECEIVED, the undersigned (herein called "Maker") hereby promises to pay to the order of Bank of America, N.A., formerly known as NationsBank, N.A., a national banking association ("Lender"), without offset, in immediately available funds in lawful money of the United States of America, at Bank of America Plaza, 600 Peachtree Street, N.E. in the City of Atlanta, Fulton County, Georgia, the principal sum of TWENTY SIX MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS ($26,725,000.00) (or the unpaid balance of all principal advanced against this Note, if that amount is less) together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided, as follows:

a. Maturity Date. The final maturity of the indebtedness evidenced by this Note shall be February 1, 2001 (the "Maturity Date").

b. Loan Agreement; Conditions to Borrowing. This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, that certain Revolving Credit Loan Agreement dated as of November 23, 1999, as amended by Second Consolidated Amendatory Agreement dated of even date herewith (as amended and as the same may be further amended or otherwise modified from time to time, the "Revolving Loan Agreement") among the undersigned, Wells Real Estate Investment, Inc., a Maryland corporation, Leo F. Wells, III and Bank of America, N.A., formerly known as NationsBank, N.A., to which Revolving Loan Agreement reference is hereby made for a statement of the terms and provisions under which this Note may or must be paid prior to its due date or may have its due date accelerated. All capitalized terms used in this Note and not otherwise defined herein shall have the same meanings herein as in the Revolving Loan Agreement. Maker shall not be entitled to any Advance under this Note, unless and until Maker shall have satisfied each of the conditions precedent set forth in Section 3.2 of the Revolving Loan Agreement, to the extent applicable.

c. Interest Installments. All interest accruing hereunder from the date hereof through the Maturity Date shall be due and payable in arrears commencing on March 1, 2000, and continuing on the first (1st) day of each succeeding calendar month thereafter through and including February 1, 2001.

d. Revolving Loan. Subject to the Revolving Loan Agreement, principal hereof may be borrowed, repaid and reborrowed up to the Maturity Date. It is contemplated that the principal indebtedness evidenced by this Note may be reduced or extinguished from time to time and that additional revolving credit advances or loans to be evidenced by this Note may be made in the future.

e. Final Payment of Principal and Interest. The entire outstanding

principal balance of this Note together with all accrued and unpaid interest thereon shall be finally due and payable on the Maturity Date.

2. Security; Loan Documents. The security for this Note includes an Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated February 4, 1999, recorded in Book 3325, Page 331, Dauphin County, Pennsylvania records, from Maker to Lender, conveying and encumbering certain property in Dauphin County, Pennsylvania described therein (the "Pennsylvania Property"), as amended by First Consolidated Amendatory Agreement dated November 23, 1999, recorded in Book 3562, Page 643, aforesaid records, as further amended by Second Consolidated Amendatory Agreement dated as of February __, 2000 recorded or to be recorded in the aforesaid records (as so amended and as it may be amended, restated, modified or supplemented from time to time, is herein called the "Pennsylvania Mortgage"), and a Mortgage, Assignment and Security Agreement (as it may have been or may be amended, restated, modified or supplemented from time to time, is herein called the "Illinois Mortgage"; the Pennsylvania Mortgage and the Illinois Mortgage hereinafter collectively called the "Mortgage") of even date herewith from Maker to Lender, conveying and encumbering certain property in DuPage County, Illinois described thereon (the "Illinois Property"; the Pennsylvania Property and the Illinois Property hereinafter collectively the "Property") recorded or to be recorded in DuPage County, Illinois. This Note, the Pennsylvania Mortgage, the Illinois Mortgage, the Revolving Loan Agreement and any other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note, are, as the same have been or may be amended, restated, modified or supplemented from time to time, herein sometimes called individually a "Loan Document" and together the "Loan Documents."

All of the agreements, conditions, covenants, warranties, representations, provisions and stipulations made by or imposed upon Maker under the Loan Documents are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully inserted herein, and Maker covenants and agrees to keep and perform the same, or cause them to be kept and performed, strictly in accordance with their terms.

3. Interest Rate.

(a) Stated Rate. Subject to the further provisions of this Section 3, the unpaid principal balance of this Note from day to day outstanding which is not past due shall bear interest at a rate per annum equal to the lesser of (i) the Maximum Rate (hereinafter defined) or (ii) the Stated Rate (hereinafter defined) computed on the Annual Basis (hereinafter defined). The term "Stated Rate" as used in this Note means either:

(i) a variable rate ("Variable Rate") equal to either (a) the Prime Rate (hereinafter defined), or (b) at the election of Maker, but subject to the terms and conditions set forth herein, the Variable Eurodollar Basis (hereinafter defined); or

(ii) at the election of Maker, but subject to the terms and conditions set forth herein, the Fixed Eurodollar Basis (hereinafter defined).

If a Variable Rate applies, then the Stated Rate shall, unless otherwise specified herein and subject to the following clause, change with each change in such Variable Rate as of the date of any such

change, without notice, subject always to the limitations set out in this Section 3; provided, however, that if on any day the Variable Rate shall exceed the maximum permitted by application of the Maximum Rate in effect on that day, the Variable Rate shall be limited to, but shall remain at and vary with, the maximum permitted by application of the Maximum Rate on that day and on each day thereafter until the total amount of interest accrued at the Variable Rate on the unpaid balance of this Note equals the total amount of interest which would have accrued if there were no limitation by the Maximum Rate, or until the earlier payment in full of this Note.

The term "Annual Basis" as used in this Note means computation of interest for
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the actual number of days elapsed and as if each year were composed of 360 days; however, use of the Annual Basis is subject always to limitation by the Maximum Rate and in no event shall any such computation result in an amount of interest in excess of the Maximum Amount (hereinafter defined). In any event, all interest at the Maximum Rate shall be computed on the Annual Basis of 365 days (366 in a leap year).

The term "Business Day" as used in this Note means any day on which the offices
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of Lender are open for the conduct of its banking business in Atlanta, Georgia and also on which commercial banks are open for international business (including dealings in United States dollar deposits) in London, England.

The term "Eurodollar Borrowing" as used in this Note means a separate and
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distinct portion of the indebtedness evidenced by this Note which bears interest at either a Fixed Eurodollar Basis or the Variable Eurodollar Basis.

The term "Eurodollar Reserve Percentage" as used in this Note means the reserve
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percentage either (a) applicable during an Interest Period, with respect to a Fixed Eurodollar Borrowing, or (b) applicable from day to day, with respect to a Variable Eurodollar Borrowing, under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or if more than one such percentage is so applicable, the daily average for such percentage for those days during which any such percentage shall be applicable) for determining the maximum reserve requirement (including, without limitation, any basic, marginal, supplemental or emergency reserve requirement) for Lender in respect of liabilities or assets consisting of or including "Eurocurrency Liabilities" as defined in Regulation D of the Board of Governors of the Federal Reserve Board as from time to time in effect, whether or not Lender has any Eurocurrency liabilities subject to such reserve requirement at that time. Eurodollar Borrowings shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to Lender. Each Fixed Eurodollar Basis and the Variable Eurodollar Basis shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

The term "Fixed Eurodollar Basis" as used in this Note means a per annum rate of
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interest (rounded upwards, if necessary, to the nearest whole one-sixteenth of 1%) determined pursuant to the following formula:

Fixed Eurodollar Basis =

[Fixed Eurodollar Rate]

[100% - Eurodollar Reserve Percentage]

PLUS two hundred (200) basis points, after adjustment for insurance costs and other appropriate regulatory costs and adjustments.

The term "Fixed Eurodollar Borrowing" as used in this Note means a separate and distinct portion of the indebtedness evidenced by this Note which bears interest at a Fixed Eurodollar Basis.

The term "Fixed Eurodollar Rate" as used in this Note means, for any Eurodollar Borrowing for any Interest Period therefor, the rate per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Fixed Eurodollar Rate" shall mean, for any Fixed Eurodollar Borrowing for any Interest Period therefor, the rate per annum appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

The term "Interest Period" as used in this Note means, with respect to any Fixed Eurodollar Borrowing, a period from the date on which the Fixed Eurodollar Basis shall become effective as to such Fixed Eurodollar Borrowing to sixty (60) days, ninety (90) days or one hundred eighty (180) days thereafter, subject however to the following:

(i) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day; and

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) below, end on the last Business Day of a calendar month; and

(iii) no Interest Period shall extend beyond the Maturity Date.

The term "Maximum Rate" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or the law of the State of Georgia permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. The Maximum Rate shall be applied by taking into account all amounts characterized by applicable law as interest on the debt evidenced by this Note, so that

the aggregate of all interest does not exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount").

The term "Prime Rate" as used in this Note means, on any day, the rate of
interest per annum then most recently established by Lender as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Lender to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general.

The term "Variable Eurodollar Basis" as used in this Note means a per annum rate of interest determined pursuant to the following formula:

$$\text{Variable Eurodollar Basis} = \frac{\text{[Variable Eurodollar Rate]}}{\text{[100\% - Eurodollar Reserve Percentage]}}$$

PLUS two hundred (200) basis points, after adjustment for insurance costs and other appropriate regulatory costs and adjustments.

The term "Variable Eurodollar Borrowing" as used in this Note means a separate and distinct portion of the indebtedness evidenced by this Note which bears interest at the Variable Eurodollar Basis.

The term "Variable Eurodollar Rate" as used in this Note means, as such rate changes each day, without notice, the rate per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) for a thirty-day period, with the applicable Variable Eurodollar Rate for each day being the Variable Eurodollar Rate that appeared, as aforesaid, two Business Days prior to such day. If for any reason such rate is not available, the term "Variable Eurodollar Rate" shall mean, as such rate changes each day, without notice, the rate per annum appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in United States dollars at approximately 11:00 a.m. (London time) for a thirty-day period, with the applicable Variable Eurodollar Rate for each day being the Variable Eurodollar Rate that appeared, as aforesaid, two Business Days prior to such day; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

(b) Initial Stated Rate; Application of Prime Rate. The Stated Rate as of the date hereof is the Variable Eurodollar Basis. Maker may elect to change the Variable Rate from the Variable Eurodollar Basis to the Prime Rate, or from the Prime Rate to the Variable Eurodollar Basis, once per calendar month, which election shall be effective on the first (1st) Business Day following receipt by Lender of written notice from Maker setting forth the rate elected. Any portion of the outstanding principal balance hereof which, prior to the Maturity Date, does not bear interest at either the Variable Eurodollar Basis or the Fixed Eurodollar Basis, for any reason, shall bear interest at the Prime Rate.

(c) Election of Fixed Eurodollar Basis. On any Business Day on which (i) a portion of the outstanding principal balance of this Note is then accruing interest at a Variable Rate (or is

scheduled to begin accruing interest at a Variable Rate on either of the next two (2) Business Days), (ii) such portion of the outstanding principal balance is equal to or greater than One Million Dollars ($1,000,000.00), and (iii) no Default shall have occurred and remain uncured following the expiration of any applicable grace period, Maker shall have the right to request that Lender advise Maker as to the current Fixed Eurodollar Basis, for one or more specified Interest Periods, with respect to such portion of the outstanding principal

balance. The request for such advice must be received by Lender no later than 9:30 a.m., Atlanta, Georgia time, on such Business Day. Lender shall endeavor so to advise Maker of the Fixed Eurodollar Basis no later than 10:00 a.m., Atlanta, Georgia time, on the same day. Lender's determination of the Fixed Eurodollar Basis shall be conclusive. No later than 10:00 a.m., Atlanta, Georgia time, on the same day, Maker shall have the option to elect, subject to the availability to Lender of funds in the specified amount, at the specified Fixed Eurodollar Rate, for the specified Interest Period, which election by Maker shall be irrevocable, that such portion of the outstanding principal balance shall bear interest at the Fixed Eurodollar Basis, based upon the quoted Fixed Eurodollar Rate, for the specified Interest Period for such Fixed Eurodollar Rate. Maker shall communicate notice of its election to exercise the above option by telephone or by telex, but any telephonic notice shall be immediately confirmed in writing given by Maker to Lender. Each Fixed Eurodollar Basis selected by Maker shall become effective, and the Interest Period applicable thereto shall commence, on the second (2nd) Business Day following the date of such selection. No more than four (4) Fixed Eurodollar Borrowings may be outstanding at any given time.

(d) Suspension of Eurodollar Borrowings. If, at any time,

(i) Lender shall have reasonably determined (which determination shall be conclusive and binding) that by reason of circumstances affecting the London interbank market or other Eurodollar market, as applicable, adequate and reasonable means do not exist for ascertaining the Fixed Eurodollar Basis or the Variable Eurodollar Basis, as the case may be, or

(ii) Lender shall have reasonably determined (which determination shall be conclusive and binding) that the Fixed Eurodollar Basis or the Variable Eurodollar Basis, as the case may be, will not adequately and fairly reflect the cost to Lender of such Eurodollar Borrowing,

then Lender shall forthwith give notice thereof to Maker, whereupon until Lender notifies Maker that the circumstances giving rise to such suspension no longer exist, the obligation of Lender to allow new Fixed Eurodollar Borrowings or Variable Eurodollar Borrowings, as the case may be, shall be suspended.

(e) Conversion to Prime Rate. If, after the date of this Note, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lender (or any of its non-United States offices) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for Lender to make, maintain or fund Eurodollar Borrowings, Lender shall forthwith give notice thereof to Maker, whereupon until Lender notifies Maker that the circumstances giving rise to such suspension no longer exist, the obligation of Lender to allow Eurodollar Borrowings shall be suspended. If Lender shall determine that it may not lawfully continue to maintain any outstanding Eurodollar Borrowing to maturity and shall so specify in such notice, such Eurodollar Borrowing shall be immediately converted to a borrowing at the Prime Rate.

(f) Additional Compensation to Lender. If, after the date of this Note, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lender with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject Lender to any tax, duty or other direct charge with respect to Eurodollar Borrowings or this Note or shall change the basis of

taxation of payments to Lender of the principal of or interest on Eurodollar Borrowings or any other amounts due under this Note in respect of Eurodollar Borrowings or its obligations to allow Eurodollar Borrowings (except for changes in the rate of tax on the overall net income of Lender imposed by the jurisdiction in which Lender's principal executive office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurodollar Borrowing any such requirement included in an applicable Eurodollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, Lender or shall impose on Lender or the interbank market for Eurodollar deposits any other condition affecting Eurodollar Borrowings, this Note or the obligation of Lender to allow Eurodollar Borrowings;

and the result of any of the foregoing is to increase the cost to Lender of allowing or maintaining Eurodollar Borrowings or to reduce the amount of any sum received or receivable by Lender under this Note with respect thereto, by an amount deemed by Lender, in its good faith judgment, to be material, then, within fifteen (15) days after demand by Lender, Maker shall pay to Lender such additional amount or amounts as will compensate Lender for such increased cost or reduction. Lender will promptly notify Maker of any event of which it has knowledge, occurring after the date hereof, which will entitle Lender to compensation pursuant to this paragraph. A certificate of Lender claiming compensation under this paragraph, setting forth the additional amount or amounts to be paid to it hereunder and explaining in reasonable detail the estimates, data and calculations of such amount, shall be conclusive and binding in the absence of manifest error. In determining such amount, Lender may use any reasonable averaging and attribution methods. In lieu of paying the compensation to Lender described in this paragraph, Maker may elect, promptly upon receiving notice from Lender of the event entitling Lender to such compensation, to have any Eurodollar Borrowing converted to a borrowing at the Prime Rate, subject to Maker's paying to Lender a Make-Whole Amount (hereinafter defined) as a result of such conversion.

(g) Past Due Rate. From and after maturity (whether by acceleration or otherwise), any principal of, and to the extent permitted by applicable law, any interest on this Note,

and any other sum payable hereunder, shall bear interest, payable on demand, at a rate per annum (the "Past Due Rate") equal to the lesser of (i) the Stated Rate plus four percent (4%) or (ii) the Maximum Rate.

(h) Late Charge. If any principal or interest is not paid when due, Maker shall pay, on demand, a late charge of four cents ($.04) for each dollar of each installment which becomes past due for a period exceeding ten (10) days to help defray the added expense incurred in handling said delinquent installment, provided that in no event shall interest be due or payable in excess of the Maximum Rate.

4. Prepayment. Maker may prepay the principal balance of this Note, in full at any time or in part from time to time, provided that (i) Lender shall have actually received from Maker at least five (5) business days' prior written notice of Maker's intent to prepay, of the amount of principal which will be prepaid (the "Prepaid Principal") and of the date on which the prepayment will be made; (ii) each prepayment shall be in the amount of $1,000.00 or a larger integral multiple of $1,000.00 (unless the prepayment retires the outstanding balance of this Note in full); and (iii) each prepayment shall be in the amount of 100% of the Prepaid Principal, plus accrued unpaid interest thereon to the

date of prepayment, plus any other sums which have become due to Lender under the Loan Documents on or before the date of prepayment but have not been paid, and, if the Prepaid Principal bears interest at a Fixed Eurodollar Basis, plus the Make-Whole Amount (hereinafter defined). The "Make-Whole Amount" shall
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equal the aggregate of any loss, cost, liability or expense incurred by Lender as a result of a prepayment or conversion of any Fixed Eurodollar Borrowing or portion thereof, including, without limitation, any loss in obtaining, liquidating or employing funds from third parties, and any loss of yield, as determined by Lender, on a present value basis, in its judgment reasonably exercised; but the Make-Whole Amount shall in no event be less than zero and nothing herein shall be construed or operate to require Maker to pay a Make-Whole Amount except in connection with Maker's exercise of the right to prepay Fixed Eurodollar Borrowings granted above or the conversion of a Fixed Eurodollar Borrowing to a borrowing at the Prime Rate, as described in Section 3, above, or to pay any amount greater than is permitted by applicable law. If a Make-Whole Amount will be due, Lender shall notify Maker of the amount and basis of determination of the Make-Whole Amount. If this Note is prepaid in full, any commitment of Lender for further advances shall automatically terminate.

5. Certain Provisions Regarding Payments. All payments made as scheduled
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on this Note shall be applied, to the extent thereof, to accrued but unpaid interest, unpaid principal, and any other sums due and unpaid to Lender under the Loan Documents, in such manner and order as Lender may elect in its discretion. All prepayments on this Note shall be applied, to the extent thereof, to accrued but unpaid interest on the amount prepaid, to the remaining principal installments, and any other sums due and unpaid to Lender under the Loan Documents, in such manner and order as Lender may elect in its discretion, including but not limited to application to principal installments in inverse order of maturity. Except to the extent that specific provisions are set forth in this Note or another Loan Document with respect to application of payments, all payments received by the holder hereof shall be applied, to the extent thereof, to the indebtedness secured by the Mortgage in such manner and order as Lender may elect in its discretion, any instructions from Maker or anyone else to the contrary notwithstanding. Remittances in payment of any part of the indebtedness other

than in the required amount in immediately available U.S. funds shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by the holder hereof in immediately available U.S. funds and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by the holder hereof of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of a Default (hereinafter defined). Payments received after 2:00 o'clock p.m. Atlanta, Georgia time shall be deemed to be received on, and shall be posted as of, the following business day. Whenever any payment under this Note or any other Loan Document falls on a day on which the offices of Lender are not open for the conduct of business in Atlanta, Georgia, such payment may be made on the next succeeding day on which the offices of Lender are open for such business, and the extension of time in such case shall be included in the computation of interest.

6. Defaults. It shall be a default ("Default") under this Note and each
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of the other Loan Documents if (a) any principal, interest or other amount of money due under this Note is not paid in full when due, regardless of how such amount may have become due; or (b) there shall occur any default or event of default under the Mortgage or any other Loan Document. Upon the occurrence of a Default, subject to the terms of Section 4.2 of the Mortgage, the holder hereof shall have the rights to declare the unpaid principal balance and accrued but unpaid interest on this Note at once due and payable (and upon such declaration,

the same shall be at once due and payable), to foreclose any liens and security interests securing payment hereof and to exercise any of its other rights, powers and remedies under this Note, under any other Loan Document, or at law or in equity.

7. Rights Cumulative. All of the rights, remedies, powers and privileges (together, "Rights") of the holder hereof provided for in this Note and in any other Loan Document are cumulative of each other and of any and all other Rights at law or in equity. The resort to any Right shall not prevent the concurrent or subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by the holder hereof to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of any Right. Without limiting the generality of the foregoing provisions, the acceptance by the holder hereof from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment, shall not (i) constitute a waiver of or impair or extinguish the right of the holder hereof to accelerate the maturity of this Note or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance or a novation in any respect.

8. Costs of Collection. If any holder of this Note retains an attorney in connection with any Default or at maturity or to collect, enforce or defend this Note or any other Loan Document in any lawsuit or in any probate, reorganization, bankruptcy or other proceeding, or if Maker sues any holder in connection with this Note or any other Loan Document and does not prevail, then Maker agrees to pay to each such holder, in addition to principal, interest and any other sums owing

to Lender under the Loan Documents, all reasonable costs and expenses incurred by such holder in trying to collect this Note or in any such suit or proceeding, including reasonable attorneys' fees.

9. Controlling Agreement. All parties to the Loan Documents intend to comply with applicable usury law. All existing and future agreements regarding the debt evidenced by this Note are hereby limited and controlled by the provisions of this Section. In no event (including but not limited to prepayment, default, demand for payment, or acceleration of maturity) shall the interest taken, reserved, contracted for, charged or received under this Note or under any of the other Loan Documents or otherwise, exceed the Maximum Amount. If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, then, ipso facto, such document shall be reformed and the interest payable reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If the holder hereof ever receives interest in an amount which apart from this provision would exceed the Maximum Amount, the excess shall, without penalty, be applied to the unpaid principal of this Note in inverse order of maturity of installments and not to the payment of interest, or be refunded to the payor, at the election of the holder hereof in its sole discretion or as required by applicable law. The holder hereof does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid to the holder hereof shall be spread throughout the full term (including any renewal or extension) of the debt so that the amount of interest does not exceed the Maximum Amount.

10. General Provisions. Time is of the essence with respect to Maker's obligations under this Note. Maker and all sureties, endorsers, guarantors and

any other party now or hereafter liable for the payment of this Note in whole or in part, hereby severally (i) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (ii) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (iii) agree that the holder hereof shall not be required first to institute suit or exhaust its remedies hereon against Maker or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (iv) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (v) submit (and waive all rights to object) to non-exclusive personal jurisdiction in the State of Georgia, and venue in the county in which payment is to be made as specified in Section 1 of this Note, for the enforcement of any and all obligations under the Loan Documents.

Maker and all other parties to this Note severally waive any and all homestead and exemption rights which any of them or the family of any of them may have under or by virtue of the Constitution or laws of the United States of America or of any state as against this Note, any renewal hereof, or any indebtedness evidenced hereby. Maker and all other parties to this Note jointly and severally transfer, convey and assign to Lender or any other holder a sufficient amount of property or money set apart as exempt to pay the indebtedness evidenced hereby, or any renewal hereof and do hereby, jointly and severally, appoint Lender and any other holder the attorney-in-fact for each of them to claim any and all homestead exemptions allowed by law.

A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for the purpose and executed by the party against whom enforcement of the amendment is sought. The holder of this Note may, from time to time, sell or offer to sell the loan evidenced by this Note, or interests therein, to one or more assignees or participants and is hereby authorized to disseminate any information it now has or hereafter obtains pertaining to the loan evidenced by this Note, including, without limitation, any security for this Note and credit or other information on Maker, any of its principals and any guarantor of this Note, to any assignee or participant or prospective assignee or prospective participant, holder's affiliates, including Banc of America Securities LLC, any regulatory body having jurisdiction over the holder of this Note and to any other parties as necessary or appropriate in the holder of this Note's reasonable judgment. Maker shall execute, acknowledge and deliver any and all instruments reasonably requested by the holder of this Note in connection therewith and to the extent, if any, specified in any such assignment or participation, such companies, assignees or participants shall have the rights and benefits with respect to this Note and the other Loan Documents as such persons would have if such persons were Lender hereunder. Maker warrants and represents to Lender and all other holders of this Note that the loan evidenced by this Note is and will be for business or commercial purposes and not primarily for personal, family, or household use. The terms, provisions, covenants and conditions hereof shall be binding upon Maker and the representatives, successors and assigns of Maker. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. THIS NOTE, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY GEORGIA LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW.

THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

This Note is an amendment and restatement of that certain Revolving Credit Note dated as of November 23, 1999 in the principal face amount of $9,825,000.00 executed by Maker in favor of Holder [(the "Original Revolving Note") and is intended to supersede and replace the Original Revolving Note].

IN WITNESS WHEREOF, Maker has duly executed and sealed this Note as of the date first above written.

MAKER:

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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, II

Name: Leo F. Wells, II

Title: President

Maker's Federal Tax Identification Number: 58-2368838

[CORPORATE SEAL]

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Schedule Attached to Amended and Restated Revolving Credit Note dated as of February __, 2000 of WELLS OPERATING PARTNERSHIP, L.P. payable to the order of Bank of America, N.A., formerly known as NationsBank, N.A.

Date and Amount of Loan	Date and Amount of Repayment	Unpaid Principal Balance	Notation Made By:
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-	-		
-	-		
-	-		
-	-		
-	-		

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EXHIBIT 10.45

MORTGAGE, ASSIGNMENT AND SECURITY AGREEMENT

FOR THE BANK OF AMERICA LOAN

This Instrument Prepared by and
After Recording Please Return to:

A. Michelle Willis, Esquire
Troutman Sanders LLP
Bank of America Plaza, Suite 5200
600 Peachtree Street, N.E.
Atlanta, Georgia 30308-2216

PIN No. 0304101012

MORTGAGE, ASSIGNMENT
AND SECURITY AGREEMENT

THIS MORTGAGE, ASSIGNMENT AND SECURITY AGREEMENT (this "Mortgage") dated as of February 24, 2000, is executed and delivered by Mortgagor for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Mortgagee.

ARTICLE 1 - Certain Definitions; Granting Clauses; Secured Indebtedness

Section 1.1. Principal Secured. This Mortgage secures the aggregate principal amount of TWENTY SIX MILLION SEVEN HUNDRED TWENTY FIVE THOUSAND AND NO/100 DOLLARS ($26,725,000.00). The maximum aggregate principal amount which may be outstanding at any time under the Amended and Restated Revolving Credit Note and the Promissory Note is $26,725,000.00.

Section 1.2. Certain Definitions and Reference Terms. In addition to other terms defined herein, each of the following terms shall have the meaning assigned to it:

"Amended and Restated Revolving Credit Note": Amended and Restated Revolving Credit Note dated of even date herewith, made by Mortgagor payable to the order of Mortgagee in the principal face amount of TWENTY SIX MILLION SEVEN HUNDRED TWENTY FIVE THOUSAND AND NO/100 DOLLARS ($26,725,000.00), bearing interest as therein provided,

containing a provision for, among other things, the payment of attorneys' fees, and with the full debt, if not paid earlier, due and payable on November 23, 2000.

"Major Lease": That certain Amended and Restated Lease Agreement dated May 31, 1991, by Chicago Industrial 1990 II Limited Partnership, as landlord ("Original Landlord"), and A.B. Dick Company, as tenant ("Original Tenant"), as amended by (i) that certain undated Lease Clarification Agreement by and between Original Landlord and Original Tenant, (ii) letter dated August 9, 1991 from Sun Life Insurance Company of America, for Original Landlord, as accepted by letter

dated August 21, 1991 from Original Tenant to Sun Life Insurance Company of America, and (iii) Second Amendment to Lease dated as of June 30, 1994 by and between Sun-Pla, a California limited partnership, as successor to Original Landlord and Original Tenant, Original Tenant's interest having been assigned to Videojet Systems International, Inc. ("Videojet") by Assignment and Assumption Agreement dated as of October 31, 1997 by and among Sun-Pla, a California limited partnership ("Landlord"), Original Tenant and Videojet.

"Mortgagee": Bank of America, N.A., a national banking association, whose place of business is 600 Peachtree Street, N.E., 6th Floor, Atlanta, Georgia, 30308, its successors and assigns.

"Mortgagor": Wells Operating Partnership, L.P., a Delaware limited partnership, whose address is 6200 The Corners Parkway, Suite 250, Norcross, Georgia 30092, and its permitted successors and assigns.

"Promissory Note": Promissory Note dated as of February 4, 1999, in the face amount of SIX MILLION FOUR HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS ($6,425,000.00) with interest thereon.

Section 1.3. Property. Mortgagor does hereby MORTGAGE, GRANT, and CONVEY, to Mortgagee the following: (a) the real estate (herein called the "Land") described in Exhibit A which is attached hereto and incorporated herein by reference and which Land has the address of 1500 Mittel Boulevard in the Chancellery Business Park, Wood Dale, Illinois, and (i) all improvements now or hereafter situated or to be situated on the Land (herein together called the "Improvements"); and (ii) all right, title and interest of Mortgagor, now owned or hereafter acquired, in and to (1) all streets, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to the Land or the Improvements; (2) any strips or gores between the Land and abutting or adjacent properties; (3) all options to purchase or lease the Land or the Improvements or any portion thereof or interest therein, and any greater estate in the Land or the Improvements; (4) all claims, actions and causes of action, both in law and in equity, with respect to the Property or the Improvements; and (5) all water and water rights, timber, crops and mineral interests on or pertaining to the Land (the Land, Improvements and other rights, titles and interests referred to in this clause (a) being herein sometimes collectively called the "Premises"); (b) all fixtures, equipment, systems, machinery, furniture, furnishings, appliances, inventory, goods, building and construction materials, supplies, and articles of personal property, of every kind and character, now owned or hereafter acquired by Mortgagor, which are now or hereafter attached to or situated in, on or about the Land or the Improvements, or used in or necessary to the complete and proper

planning, development, use, occupancy or operation thereof, or acquired (whether delivered to the Land or stored elsewhere) for use or installation in or on the Land or the Improvements, and all renewals and replacements of, substitutions for and additions to the foregoing (the properties referred to in this clause (b) being herein sometimes collectively called the "Accessories," all of which are hereby declared to be permanent accessions to the Land); (c) all (i) plans and specifications for the Improvements; (ii) Mortgagor's rights, but not liability for any breach by Mortgagor, under all commitments (including any commitment for financing to pay any of the secured indebtedness, as defined below), insurance policies, contracts and agreements for the design, construction, operation or inspection of the Improvements and other contracts

and general intangibles (including but not limited to trademarks, trade names, goodwill and symbols) related to the Premises or the Accessories or the operation thereof; (iii) deposits (including but not limited to Mortgagor's rights in tenants' security deposits, deposits with respect to utility services to the Premises, and any deposits or reserves hereunder or under any other Loan Document for taxes, insurance or otherwise), rebates or refunds of impact fees or other taxes, assessments or charges, money, accounts, instruments, documents, notes and chattel paper arising from or by virtue of any transactions related to the Premises or the Accessories; (iv) permits, licenses, franchises, certificates, development rights, commitments and rights for utilities, and other rights and privileges obtained in connection with the Premises or the Accessories; (v) leases, rents, royalties, bonuses, issues, profits, revenues and other benefits of the Premises and the Accessories (without derogation of Article 3 hereof); (vi) oil, gas and other hydrocarbons and other minerals produced from or allocated to the Land and all products processed or obtained therefrom, and the proceeds thereof; and (vii) engineering, accounting, title, legal, and other technical or business data concerning the Premises which are in the possession of Mortgagor or in which Mortgagor can otherwise grant a security interest; and (d) all (i) proceeds (cash or non-cash) of or arising from the properties, rights, titles and interests referred to above in this Section 1.3, including but not limited to proceeds of any sale, lease or other disposition thereof, proceeds of each policy of insurance relating thereto (including premium refunds), proceeds of the taking thereof or of any rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, by condemnation, eminent domain or transfer in lieu thereof for public or quasi-public use under any law, and proceeds arising out of any damage thereto; and (ii) other interests of every kind and character which Mortgagor now has or hereafter acquires in, to or for the benefit of the properties, rights, titles and interests referred to above in this Section 1.3 and all property used or useful in connection therewith, including but not limited to rights of ingress and egress and remainders, reversions and reversionary rights or interests; and if the estate of Mortgagor in any of the property referred to above in this Section 1.3 is a leasehold estate, this conveyance shall include, and the lien and interest created hereby shall encumber and extend to, all other or additional title, estates, interests or rights which are now owned or may hereafter be acquired by Mortgagor in or to the property demised under the lease creating the leasehold estate; TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto (herein collectively called the "Property"), unto Mortgagee,
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and its successors and assigns, forever, subject to the Permitted Encumbrances (as hereafter defined), however, upon the terms, provisions and conditions herein set forth, to secure the Promissory Note and Loan Documents (as hereinafter defined) and all other indebtedness and matters defined as "secured indebtedness" in Section 1.5 of this Mortgage.

Section 1.4. Security Interest. Mortgagor hereby grants to Mortgagee a
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security interest in all of the Property which constitutes personal property or fixtures (herein sometimes collectively called the "Collateral"). In addition
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to its rights hereunder or otherwise, Mortgagee shall have all of the rights of a secured party under the Uniform Commercial Code as adopted in the State of Illinois, or under the Uniform Commercial Code in force in any other state to the extent the same is applicable law.

Section 1.5. Note, Loan Documents, Other Obligations. This Mortgage is
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made to secure and enforce the payment and performance of the following promissory notes, obligations, indebtedness and liabilities and all renewals, extensions, supplements, increases, and modifications thereof in whole or in part from time to time: (a) the Promissory Note, the Amended and Restated Revolving Credit Note, and all other notes given in substitution therefor or in modification, supplement, increase, renewal or extension thereof, in whole or in part (such note or notes, whether one or more, as from time to time renewed,

extended, supplemented, increased or modified and all other notes given in substitution therefor, or in modification, renewal or extension thereof, in whole or in part, being hereinafter called the "Note"); (b) all indebtedness and other obligations owed by Mortgagor to Mortgagee now or hereafter incurred or arising pursuant to or permitted by the provisions of the Note, this Mortgage, or any other document now or hereafter evidencing, governing, guaranteeing, securing or otherwise executed in connection with the loan evidenced by the Note, including but not limited to any tri-party financing agreement or other agreement between Mortgagor and Mortgagee, or among Mortgagor, Mortgagee and any other party or parties, pertaining to the repayment or use of the proceeds of the loan evidenced by the Note (the Note, this Mortgage and such other documents, as they or any of them may have been or may be from time to time renewed, extended, supplemented, increased or modified, being herein sometimes collectively called the "Loan Documents"); and (c) all other loans and future advances made by Mortgagee to Mortgagor and all other debts, obligations and liabilities of Mortgagor of every kind and character now or hereafter existing in favor of Mortgagee, however and whenever incurred, whether direct or indirect, primary or secondary, joint or several, fixed or contingent, secured or unsecured, and whether originally payable to Mortgagee or to a third party and subsequently acquired by Mortgagee, it being contemplated that Mortgagor may hereafter become indebted to Mortgagee for such further debts, obligations and liabilities; provided, however, and notwithstanding the foregoing provisions of this clause (c), this Mortgage shall not secure any such other loan, advance, debt, obligation or liability with respect to which Mortgagee is by applicable law prohibited from obtaining a lien or security title on real estate nor shall this clause (c) operate or be effective to constitute or require any assumption or payment by any person, in any way, of any debt of any other person to the extent that the same would violate or exceed the limit provided in any applicable usury or other law. The indebtedness referred to in this Section 1.5 is hereinafter sometimes referred to as the "secured indebtedness" or the "indebtedness secured hereby." The maximum aggregate amount of the indebtedness secured hereby shall not exceed Twenty Six Million Seven Hundred Twenty Five Thousand Dollars ($26,725,000.00).

ARTICLE 2 - Representations, Warranties and Covenants

Section 2.1. Mortgagor represents, warrants, and covenants as follows:

(a) Payment and Performance. Mortgagor will make due and punctual payment of the secured indebtedness. Mortgagor will timely and properly perform and comply with all of the covenants, agreements, and conditions imposed upon it by this Mortgage and the other Loan Documents and will not permit a default to occur hereunder or thereunder. Time shall be of the essence in this Mortgage.

(b) Title and Permitted Encumbrances. Mortgagor has, in Mortgagor's own right, and Mortgagor covenants to maintain, lawful, good and marketable title to the Property, is lawfully seized and possessed of the Property and every part thereof, and has the right to convey the same, free and clear of all liens, charges, claims, interests, and encumbrances except for (i) the matters, if any, set forth under the heading "Permitted Exceptions" in Exhibit B hereto, which are Permitted Exceptions only to the extent the same are valid and subsisting and affect the Property, (ii) the liens and security interests evidenced by this Mortgage, and (iii) other liens and security interests (if any) in favor of Mortgagee (the matters described in the foregoing clauses (i), (ii) and (iii) being herein called the "Permitted Encumbrances"). Mortgagor, and Mortgagor's successors and assigns, will warrant generally and forever defend title to the

Property, subject as aforesaid, to Mortgagee and its successors and assigns, against the claims and demands of all persons claiming or to claim the same or any part thereof. Mortgagor will punctually pay, perform, observe and keep all covenants, obligations and conditions in or pursuant to any Permitted Encumbrance and will not modify or permit modification of any Permitted Encumbrance without the prior written consent of Mortgagee. Inclusion of any matter as a Permitted Encumbrance does not constitute approval or waiver by Mortgagee of any existing or future violation or other breach thereof by Mortgagor, by the Property or otherwise. If any right or interest of Mortgagee in the Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly, Mortgagee (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such steps as in its discretion may be proper for the defense of any such legal proceedings or the protection of such right or interest of Mortgagee, including but not limited to the employment of independent counsel, the prosecution or defense of litigation, and the compromise or discharge of adverse claims. All expenditures so made of every kind and character shall be a demand obligation (which obligation Mortgagor hereby promises to pay) owing by Mortgagor to Mortgagee, and Mortgagee shall be subrogated to all rights of the person receiving such payment.

(c) Taxes and Other Impositions. To the extent that Mortgagor has not deposited sufficient amounts with Mortgagee pursuant to Subsection 2.1(e) of this Mortgage, Mortgagor will pay, or cause to be paid, all taxes, assessments and other charges or levies imposed upon or against or with respect to the Property or the ownership, use, occupancy or enjoyment of any portion thereof, or any utility service thereto, as the same become due and payable, including but not limited to all ad valorem taxes assessed against the Property or any part thereof, and shall deliver promptly to Mortgagee such evidence of the payment thereof as Mortgagee may require.

(d) Insurance. Mortgagor shall obtain and maintain or cause to be obtained and maintained at Mortgagor's sole expense: (1) mortgagee title insurance issued to Mortgagee covering the Premises as required by Mortgagee, without exception for mechanics' liens; (2) all-risk insurance with respect to all insurable Property, against loss or damage by fire, lightning, windstorm, explosion, hail, tornado and such hazards as are presently included in so-called "all-risk" coverage and against such other insurable hazards as Mortgagee may require, in an amount not less than

100% of the full replacement cost, including the cost of debris removal, without deduction for depreciation and sufficient to prevent Mortgagor and Mortgagee from becoming a coinsurer, such insurance to be in builder's risk (non-reporting) form during and with respect to any construction on the Premises; (3) if and to the extent any portion of the Improvements is in a special flood hazard area, a flood insurance policy in an amount equal to the lesser of the principal face amount of the Note or the maximum amount available; (4) comprehensive general public liability insurance, on an "occurrence" basis, for the benefit of Mortgagor and Mortgagee as named insureds; (5) statutory workers' compensation insurance with respect to any work on or about the Premises; and (6) such other insurance on the Property as may from time to time be required by Mortgagee (including but not limited to rental loss or business interruption insurance, boiler and machinery insurance and earthquake insurance) and against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height, type, construction, location, use and occupancy of buildings and improvements. All insurance policies shall be issued and maintained by insurers, in amounts, with deductibles, and in form satisfactory to Mortgagee, and shall require not less than thirty (30) days' prior written notice to Mortgagee of any cancellation or change of coverage. All insurance policies maintained, or caused to be maintained, by Mortgagor with respect to the Property, except for public liability insurance, shall provide that each such policy shall be primary without right of contribution from any other insurance that may be carried by

Mortgagor or Mortgagee and that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. If any insurer which has issued a policy of title, hazard, liability or other insurance required pursuant to this Mortgage or any other Loan Document becomes insolvent or the subject of any bankruptcy, receivership or similar proceeding or if in Mortgagee's reasonable opinion the financial responsibility of such insurer is or becomes inadequate, Mortgagor shall, in each instance promptly upon the request of Mortgagee and at Mortgagor's expense, obtain and deliver to Mortgagee a like policy (or, if and to the extent permitted by Mortgagee, a certificate of insurance) issued by another insurer, which insurer and policy meet the requirements of this Mortgage or such other Loan Document, as the case may be. Without limiting the discretion of Mortgagee with respect to required endorsements to insurance policies, all such policies for loss of or damage to the Property shall contain a standard mortgagee clause (without contribution) naming Mortgagee as mortgagee with loss proceeds payable to Mortgagee notwithstanding (i) any act, failure to act or negligence of or violation of any warranty, declaration or condition contained in any such policy by any named insured; (ii) the occupation or use of the Property for purposes more hazardous than permitted by the terms of any such policy; (iii) any foreclosure or other action by Mortgagee under the Loan Documents; or (iv) any change in title to or ownership of the Property or any portion thereof, such proceeds to be held for application as provided in the Loan Documents. The originals of each initial insurance policy (or to the extent permitted by Mortgagee, a copy of the original policy and a satisfactory certificate of insurance) shall be delivered to Mortgagee at the time of execution of this Mortgage, with premiums fully paid, and each renewal or substitute policy (or certificate) shall be delivered to Mortgagee, with premiums fully paid as due, at least ten (10) days before the termination of the policy it renews or replaces. Notwithstanding the foregoing, the failure to comply with any of the foregoing requirements with respect to workers' compensation insurance shall not be a default or Event of Default hereunder so long as Mortgagor maintains such workers' compensation insurance as shall be required by law. Mortgagor shall pay all premiums on policies required hereunder as they become due and payable and promptly deliver to Mortgagee evidence satisfactory to Mortgagee of the timely payment thereof. If any loss occurs at any time

when Mortgagor has failed to perform Mortgagor's covenants and agreements in this paragraph, Mortgagee shall nevertheless be entitled to the benefit of all insurance covering the loss and held by or for Mortgagor, to the same extent as if it had been made payable to Mortgagee. Upon any foreclosure hereof or transfer of title to the Property in extinguishment of the whole or any part of the secured indebtedness, all of Mortgagor's right, title and interest in and to the insurance policies referred to in this Section (including unearned premiums) and all proceeds payable thereunder shall thereupon vest in the purchaser at foreclosure or other such transferee, to the extent permissible under such policies. Mortgagee shall have the right (but not the obligation) to make proof of loss for, settle and adjust any claim under, and receive the proceeds of, all insurance for loss of or damage to the Property, and the expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be a part of the secured indebtedness and shall be due and payable to Mortgagee on demand. Mortgagee shall not be, under any circumstances, liable or responsible for failure to collect or exercise diligence in the collection of any of such proceeds or for the obtaining, maintaining or adequacy of any insurance or for failure to see to the proper application of any amount paid over to Mortgagor. Any such proceeds received by Mortgagee shall, after deduction therefrom of all reasonable expenses actually incurred by Mortgagee, including attorneys' fees, at Mortgagee's option, subject to the terms of Subsection 2.1(g), below, be (1) released to Mortgagor, or (2) applied (upon compliance with such terms and conditions as may be required by Mortgagee) to repair or restoration, either partly or entirely, of the Property so damaged, or (3) applied to the payment of the secured indebtedness in such order and manner as Mortgagee, in its sole discretion, may elect, whether or not due. In any event, the unpaid portion of the secured indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Mortgagor shall at all times comply with the

requirements of the insurance policies required hereunder and of the issuers of such policies and of any board of fire underwriters or similar body as applicable to or affecting the Property.

(e) Reserve for Insurance, Taxes and Assessments. Upon request of Mortgagee, to secure certain of Mortgagor's obligations in paragraphs (c) and (d) above, but not in lieu of such obligations, Mortgagor will deposit with Mortgagee a sum equal to ad valorem taxes, assessments and charges (which charges for the purpose of this paragraph shall include without limitation any recurring charge which could result in a lien against the Property) against the Property for the current year and the premiums for such policies of insurance for the current year, all as estimated by Mortgagee and prorated to the end of the calendar month following the month during which Mortgagee's request is made, and thereafter will deposit with Mortgagee, on each date when an installment of principal and/or interest is due on the Note, sufficient funds (as estimated from time to time by Mortgagee) to permit Mortgagee to pay at least fifteen (15) days prior to the due date thereof, the next maturing ad valorem taxes, assessments and charges and premiums for such policies of insurance. Mortgagee shall have the right to rely upon tax information furnished by applicable taxing authorities in the payment of such taxes or assessments and shall have no obligation to make any protest of any such taxes or assessments. Any excess over the amounts required for such purposes shall be held by Mortgagee for future use, applied to any secured indebtedness or refunded to Mortgagor, at Mortgagee's option, and any deficiency in such funds so deposited shall be made up by Mortgagor upon demand of Mortgagee. All such funds so deposited shall bear no interest, may be mingled with the general funds of Mortgagee and shall be applied by Mortgagee toward the payment of such taxes, assessments, charges and premiums when statements therefor are presented to Mortgagee by Mortgagor (which statements shall be presented by

Mortgagor to Mortgagee a reasonable time before the applicable amount is delinquent); provided, however, that, if an Event of Default (hereinafter defined) shall have occurred hereunder, such funds may at Mortgagee's option be applied to the payment of the secured indebtedness in the order determined by Mortgagee in its sole discretion, and that Mortgagee may (but shall have no obligation) at any time, in its discretion, apply all or any part of such funds toward the payment of any such taxes, assessments, charges or premiums which are past due, together with any penalties or late charges with respect thereto. The conveyance or transfer of Mortgagor's interest in the Property for any reason (including without limitation the foreclosure of a subordinate lien or security interest or a transfer by operation of law) shall constitute an assignment or transfer of Mortgagor's interest in and rights to such funds held by Mortgagee under this paragraph but subject to the rights of Mortgagee hereunder.

(f) Condemnation. Mortgagor shall notify Mortgagee immediately of any threatened or pending proceeding for condemnation affecting the Property or arising out of damage to the Property, and Mortgagor shall, at Mortgagor's expense, diligently prosecute any such proceedings. Mortgagee shall have the right (but not the obligation) to participate in any such proceeding and to be represented by counsel of its own choice. Mortgagee shall be entitled to receive all sums which may be awarded or become payable to Mortgagor for the condemnation of the Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu thereof, and any sums which may be awarded or become payable to Mortgagor for injury or damage to the Property. Mortgagor shall, promptly upon request of Mortgagee, execute such additional assignments and other documents as may be necessary from time to time to permit such participation and to enable Mortgagee to collect and receipt for any such sums. All such sums are hereby assigned to Mortgagee, and shall, after deduction therefrom of all reasonable expenses actually incurred by Mortgagee, including attorneys' fees, at Mortgagee's option, subject to the terms of Subsection 2.1(g), below, be (1) released to Mortgagor, or (2) applied (upon compliance with such terms and conditions as may be required by Mortgagee) to repair or restoration of the Property so affected, or (3) applied to the payment

of the secured indebtedness in such order and manner as Mortgagee, in its sole discretion, may elect, whether or not due. In any event the unpaid portion of the secured indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Mortgagee shall not be, under any circumstances, liable or responsible for failure to collect or to exercise diligence in the collection of any such sum or for failure to see to the proper application of any amount paid over to Mortgagor. Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. All costs and expenses (including but not limited to attorneys' fees) incurred by Mortgagee in connection with any condemnation shall be a demand obligation owing by Mortgagor (which Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage.

(g) Restoration Advances.

(i) Mortgagee agrees that, in the event that all or a portion of the Improvements are destroyed or damaged by fire, explosion, windstorm, hail or any other casualty against which insurance is required under this Mortgage, or in the event that not more than ten percent (10%) of the Land and Improvements are condemned or taken under power of eminent domain (or transferred in lieu thereof), Mortgagee will elect (under Subsection 2.1(d) or 2.1(f), as applicable) to apply the insurance proceeds or condemnation proceeds (or the proceeds of transfer in lieu thereof)

which remain after payment of the expenses of collection thereof as provided in Subsections 2.1(d) and 2.1(f) (called the "Proceeds" below in this Subsection), or so much thereof as is required, to restoration of the portion of the Property damaged or taken as nearly as practicable to its value, character and condition immediately prior to such casualty or taking (the "Restoration"), provided that either (i) no Event of Default shall have occurred and the amount of the Proceeds is less than One Hundred Thousand Dollars ($100,000), or (ii) all of the following conditions precedent are satisfied in full not later than ninety (90) days after the date on which the casualty loss occurs or title to the portion of the Property taken (or transferred in lieu thereof) vests in the condemning authority, as the case may be:

(A) no Event of Default shall have occurred;

(B) the lessee under the Major Lease or, if such lease is no longer in effect, all tenants having present or future possessory rights under Leases (hereinafter defined) covering, in the aggregate, not less than eighty-five percent (85%) of the net rentable area of the Improvements have agreed in a manner satisfactory to Mortgagee that their Leases will continue in full force and effect and, if necessary, the time for taking or regaining possession of the demised premises under such Leases will be extended by the time necessary to complete the Restoration;

(C) all parties having operating, management or franchise interests in, and arrangements concerning, the Property have agreed that they will continue their interests and arrangements for the contract terms then in effect following the Restoration;

(D) all parties having commitments to provide financing with respect to the Property, to purchase Mortgagor's interest in full or in part in the Property or to purchase or pay the loan evidenced by the Note (collectively, "Commitment Providers") have agreed in a manner satisfactory to Mortgagee that their commitments will continue in full force and effect and, if necessary, the expiration of such commitments will be extended by the time necessary to complete the Restoration;

(E) in the case of a condemnation, Mortgagor has presented

evidence satisfactory to Mortgagee, and Mortgagee has reasonably determined, that the remaining portions of the Improvements can feasibly be redesigned and reconstructed to such a condition that they can be operated for their intended purposes;

(F) Mortgagor has presented evidence satisfactory to Mortgagee, and Mortgagee has reasonably determined, that the Restoration can be accomplished within a reasonable period of time and in any event prior to the Maturity Date (as defined in the Note);

(G) Mortgagor has delivered or caused to be delivered to Mortgagee, and Mortgagee has approved, complete final plans and specifications (the "Restoration Plans") for the work to be performed in connection with the Restoration (hereinafter called the "Restoration Work") prepared and sealed by an architect (the "Architect") acceptable to Mortgagee, with evidence satisfactory to Mortgagee of the approval of the Restoration Plans by all Commitment Providers and all governmental authorities and all tenants under Leases whose approval is required;

(H) Mortgagor has delivered or caused to be delivered to Mortgagee a signed estimate approved in writing by the Architect, stating the entire cost of completing the Restoration Work;

(I) Mortgagor has entered into, and has furnished to Mortgagee a copy of, a fixed price construction contract satisfactory to Mortgagee, with a contractor reasonably acceptable to Mortgagee, bonded to the extent required by Mortgagee, for the Restoration Work;

(J) if Mortgagee has determined that (i) the projected cost of the Restoration Work substantially in accordance with the Restoration Plans exceeds (ii) the available Proceeds held by Mortgagee, then Mortgagor has deposited with Mortgagee funds sufficient to cover the excess cost;

(K) Mortgagor has furnished all insurance coverage required by Mortgagee pursuant to Subsection 2.1 (d), above;

(L) Mortgagee has determined that it will not incur any liability to any person as a result of such use of the Proceeds; and

(M) Mortgagor has demonstrated to Mortgagee, to Mortgagee's reasonable satisfaction, that the combination of operating income from the Leases remaining in force plus the proceeds of business interruption insurance which will be available during the period of the Restoration will be sufficient to cover the operating expenses of the Premises and debt service on the secured indebtedness during such period.

If all of the foregoing conditions have not been satisfied within the time limit specified above, then Mortgagee may, at its option, apply such Proceeds to the indebtedness secured hereby, whether or not due, in such order and manner as Mortgagee elects.

(ii) To the extent that Mortgagee elects to apply the Proceeds to the restoration or reconstruction of the Improvements, then disbursement of the Proceeds for Restoration or Restoration Work shall be subject to and shall be made in accordance with the customary practices of Mortgagee governing the disbursement of construction loans. If Mortgagee determines from time to time that (i) the estimated cost of the Restoration substantially in accordance with the Restoration Plans exceeds (ii) the available Proceeds held by Mortgagee plus all other available funds deposited by Mortgagor with Mortgagee for the purpose of the Restoration, then Mortgagor shall deposit additional funds with Mortgagee to cover the excess cost before Mortgagee shall be required to disburse any such Proceeds or other available funds for Restoration costs. Any such funds

provided by Mortgagor to cover excess costs shall be used for the costs of Restoration prior to disbursement of any of the Proceeds for such costs.

(iii) Any such Proceeds and additional funds provided by Mortgagor which are held by Mortgagee under this Subsection shall be held by Mortgagee in an interest-bearing account of Mortgagee's selection until disbursed for Restoration or otherwise applied as herein provided. Mortgagee's receipt and custody of such Proceeds or additional funds shall not constitute a repayment of any of the indebtedness secured hereby, unless and until such Proceeds or additional

funds are actually applied against the indebtedness secured hereby in accordance with this Mortgage. No disbursement of such Proceeds for Restoration costs shall constitute an advance of the loan evidenced by the Note or increase the principal amount of such loan. If surplus Proceeds remain after completion of the Restoration and payment of all costs therefor, then such surplus Proceeds shall be applied against the indebtedness secured hereby in such manner and order as Mortgagee elects. If surplus funds then remain from additional funds provided by Mortgagor to cover excess costs of Restoration, then such surplus funds shall be returned to Mortgagor, provided that no uncured default or Event of Default shall exist hereunder.

(iv) In any event, upon the occurrence of an Event of Default at any time, Mortgagee may (but has no obligation to) apply all or any portion of such Proceeds or additional funds provided by Mortgagor in Mortgagee's possession to the payment of the indebtedness secured hereby, whether or not due, in such order and manner as Mortgagee elects, and/or to the cure of any Event of Default without waiving the same.

(h) Compliance with Legal Requirements. The Property and the use, operation and maintenance thereof and all activities thereon do and shall at all times comply with all applicable Legal Requirements (defined below). The Property is not, and shall not be, dependent on any other property or premises or any interest therein other than the Property to fulfill any requirement of any Legal Requirement. Mortgagor shall not, by act or omission, permit any building or other improvement not subject to the lien and interest of this Mortgage to rely on the Property or any interest therein to fulfill any requirement of any Legal Requirement. No part of the Property constitutes a nonconforming use under any zoning law or similar law or ordinance. Mortgagor has obtained and shall preserve in force all requisite zoning, utility, building, health, environmental and operating permits from the governmental authorities having jurisdiction over the Property.

If Mortgagor receives a notice or claim from any person that the Property, or any use, activity, operation or maintenance thereof or thereon, is not in compliance with any Legal Requirement, Mortgagor will promptly furnish a copy of such notice or claim to Mortgagee. Mortgagor has received no notice and has no knowledge of any such noncompliance. As used in this Mortgage: (i) the term "Legal Requirement" means any Law (defined below), agreement, covenant, restriction, easement or condition (including, without limitation of the foregoing, any condition or requirement imposed by any insurance or surety company applicable to Mortgagor or the Property), as any of the same now exists or may be changed or amended or come into effect in the future; and (ii) the term "Law" means any federal, state or local law, statute, ordinance, code, rule, regulation, license, permit, authorization, decision, order, injunction or decree, domestic or foreign applicable to Mortgagor or the Property.

(i) Maintenance, Repair and Restoration. Mortgagor will keep the Property in first class order, repair, operating condition and appearance, causing all necessary repairs, renewals, replacements, additions and improvements to be promptly made, and will not allow any of the Property to be misused, abused or

wasted or to deteriorate. Notwithstanding the foregoing, Mortgagor will not, without the prior written consent of Mortgagee, (i) remove from the Property any fixtures or personal property conveyed or encumbered by this Mortgage except such as is replaced by Mortgagor by an article of equal suitability and value, owned by Mortgagor, free and clear of any lien or security interest (except that created by this Mortgage), or (ii) make any

structural alteration to the Property or any other alteration thereto which impairs the value thereof. If any act or occurrence of any kind or nature (including any condemnation or any casualty for which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Property, Mortgagor shall give prompt notice thereof to Mortgagee and Mortgagor shall promptly, at Mortgagor's sole cost and expense and regardless of whether insurance or condemnation proceeds (if any) shall be available or sufficient for the purpose (provided that Mortgagee makes available to Grantor for such purpose any Proceeds actually received by Mortgagee), commence and continue diligently to completion to restore, repair, replace and rebuild the Property as nearly as possible to its value, condition and character immediately prior to the damage, loss or destruction.

(j) No Other Liens. Mortgagor will not, without the prior written consent of Mortgagee, create, place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual, security title, interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Property, or any part thereof, other than the Permitted Encumbrances, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in this Mortgage, and should any of the foregoing become attached hereafter in any manner to any part of the Property without the prior written consent of Mortgagee, Mortgagor will cause the same to be discharged and released or bonded over within ten (10) days. Mortgagor will own all parts of the Property and will not acquire any fixtures, equipment or other property forming a material part of the Property pursuant to a lease, license, security agreement or similar agreement, whereby any party has or may obtain the right to repossess or remove same, without the prior written consent of Mortgagee. If Mortgagee consents to the voluntary grant by Mortgagor of any mortgage, lien, security interest, or other encumbrance (hereinafter called "Subordinate Lien") conveying or encumbering any of the Property or if the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable as to a Subordinate Lien, any such Subordinate Lien shall contain express covenants to the effect that: (1) the Subordinate Lien is unconditionally subordinate to this Mortgage and all Leases (hereinafter defined); (2) if any action (whether judicial or pursuant to a power of sale) shall be instituted to foreclose or otherwise enforce the Subordinate Lien, no tenant of any of the Leases (hereinafter defined) shall be named as a party defendant, and no action shall be taken that would terminate any occupancy or tenancy without the prior written consent of Mortgagee; (3) Rents (hereinafter defined), if collected by or for the holder of the Subordinate Lien, shall be applied first to the payment of the secured indebtedness then due and expenses incurred in the ownership, operation and maintenance of the Property in such order as Mortgagee may determine, prior to being applied to any indebtedness secured by the Subordinate Lien; (4) written notice of default under the Subordinate Lien and written notice of the commencement of any action (whether judicial or pursuant to a power of sale) to foreclose or otherwise enforce the Subordinate Lien or to seek the appointment of a receiver for all or any part of the Property shall be given to Mortgagee with or immediately after the occurrence of any such default or commencement; and (5) neither the holder of the Subordinate Lien, nor any purchaser at foreclosure thereunder, nor anyone claiming by, through or under any of them shall succeed to any of Mortgagor's rights hereunder without the prior written consent of Mortgagee.

(k) Operation of Property. Mortgagor will operate the Property in a good and workmanlike manner and in accordance with all Legal Requirements and will pay all fees or charges of any kind in connection therewith. Mortgagor shall cause the Property to be managed by Mortgagor or another property manager acceptable to Mortgagee, under a management agreement satisfactory in all respects to Mortgagee. Mortgagee approves Wells Management Company, Inc. as property manager. Mortgagor will keep the Property occupied so as not to impair the insurance carried thereon. Mortgagor will not use or occupy or conduct any activity on, or allow the use or occupancy of or the conduct of any activity on, the Property in any manner which violates any Legal Requirement or which constitutes a public or private nuisance or which makes void, voidable or cancelable, or increases the premium of, any insurance then in force with respect thereto. Mortgagor will not initiate or permit any zoning reclassification of the Property or seek any variance under existing zoning ordinances applicable to the Property or use or permit the use of the Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Legal Requirement. Mortgagor will not impose any easement, restrictive covenant or encumbrance upon the Property, execute or file any subdivision plat or condominium declaration affecting the Property or consent to the annexation of the Property to any municipality, without the prior written consent of Mortgagee. Mortgagor will not do or suffer to be done any act whereby the value of any part of the Property may be lessened. Mortgagor will preserve, protect, renew, extend and retain all material rights and privileges granted for or applicable to the Property. Without the prior written consent of Mortgagee, there shall be no drilling or exploration for or extraction, removal or production of any mineral, hydrocarbon, gas, natural element, compound or substance (including sand and gravel) from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof. Mortgagor will cause all debts and liabilities of any character (including without limitation all debts and liabilities for labor, material and equipment and all debts and charges for utilities servicing the Property) incurred in the construction, maintenance, operation and development of the Property to be promptly paid.

(l) Financial Matters. Mortgagor is solvent after giving effect to all borrowings contemplated by the Loan Documents and no proceeding under any Debtor Relief Law (hereinafter defined) is pending (or, to Mortgagor's knowledge, threatened) by or against Mortgagor, or any member of Mortgagor or any guarantor of the secured indebtedness or any partner of any such guarantor, as a debtor. All reports, statements, plans, budgets, applications, agreements and other data and information heretofore furnished or hereafter to be furnished by or on behalf of Mortgagor to Mortgagee in connection with the loan or loans evidenced by the Loan Documents (including, without limitation, all financial statements and financial information) are and will be true, correct and complete in all material respects as of their respective dates and do not and will not omit to state any fact or circumstance necessary to make the statements contained therein not misleading. No material adverse change has occurred since the dates of such reports, statements and other data in the financial condition of Mortgagor or, to Mortgagor's knowledge, of any tenant under any lease described therein. For the purposes of this paragraph, "Mortgagor" shall also include any person liable for the secured indebtedness or any part thereof.

(m) Status of Mortgagor; Suits and Claims; Loan Documents. Mortgagor (i) is and will continue to be duly organized, validly existing and in good standing under the laws of its state of organization, (ii) is or will be within fourteen (14) days from the date of this Mortgage authorized

to do business in, and in good standing in, the state in which the Property is

located, and (iii) is and will continue to be possessed of all requisite power and authority to carry on its business and to own and operate the Property. Each Loan Document executed by Mortgagor has been duly authorized, executed and delivered by Mortgagor, and the obligations thereunder and the performance thereof by Mortgagor in accordance with their terms are and will continue to be within Mortgagor's power and authority (without the necessity of joinder or consent of any other person), are not and will not be in contravention of any Legal Requirement to which Mortgagor or the Property is subject, and do not and will not result in the creation of any encumbrance against any assets or properties of Mortgagor, or any other person liable for any of the secured indebtedness, except as expressly contemplated by the Loan Documents. Except as expressly disclosed to Mortgagee in writing, there is no suit, action, claim, investigation, inquiry, proceeding or demand pending (or, to Mortgagor's knowledge, threatened) which affects the Property (including, without limitation, any which challenges or otherwise pertains to Mortgagor's title to the Property) or the validity, enforceability or priority of any of the Loan Documents. There is no judicial or administrative action, suit or proceeding pending (or, to Mortgagor's knowledge, threatened) against Mortgagor, or against any other person liable for the secured indebtedness, except as has been disclosed in writing to Mortgagee in connection with the loan evidenced by the Note. Neither Mortgagor nor any other person liable for the secured indebtedness nor any partner of any guarantor of the secured indebtedness or any such other person is involved in any litigation, threatened or existing, against Mortgagee or any affiliate of Mortgagee. The Loan Documents constitute legal, valid and binding obligations of Mortgagor (and of each guarantor, if any) enforceable in accordance with their terms, except as the enforceability thereof may be limited by Debtor Relief Laws (hereinafter defined) and except as the availability of certain remedies may be limited by general principles of equity. Mortgagor is not a "foreign person" within the meaning of the Internal Revenue Code of 1986,
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as amended, Sections 1445 and 7701 (i.e. Mortgagor is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined therein and in any regulations promulgated thereunder). The loan evidenced by the Note is solely for business purposes, and is not for personal, family, household or agricultural purposes. Mortgagor will not cause or permit any change to be made in its name, identity, or corporate or partnership structure, unless Mortgagor shall have notified Mortgagee of such change prior to the effective date of such change, and shall have first taken all action required by Mortgagee for the purpose of further perfecting or protecting the lien and security interest of Mortgagee in the Property. Mortgagor's principal place of business and chief executive office, and the place where Mortgagor keeps its books and records concerning the Property, has been, since the date of Mortgagor's formation and will continue to be (unless Mortgagor notifies Mortgagee of any change in writing prior to the date of such change) the address of Mortgagor set forth at the end of this Mortgage.

(n) Certain Environmental Matters.

(i) Definitions. As used in this Mortgage: (1) "Environmental Claim"
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means any investigative, enforcement, cleanup, removal, containment, remedial or other governmental or regulatory action at any time threatened, instituted or completed pursuant to any applicable Environmental Requirement against Mortgagor or against or with respect to the Property or any use or activity on the Property, and any claim at any time threatened or made by any person against Mortgagor or against or with respect to the Property or any use or activity on the Property, relating

to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Substance; (2) "Environmental Requirement" means any Legal
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Requirement which pertains to ground or air or water or noise pollution or contamination, underground or aboveground tanks, health or the environment, including without limitation, the Comprehensive Environmental Response,

Compensation and Liability Act of 1980, as amended ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), and including, without limitation, each and every environmental law, ordinance, rule and regulation of the State of Illinois and every instrumentality thereof having jurisdiction over the Property; and (3) "Hazardous Substance" means any substance, whether solid, liquid or gaseous: (a) which is listed, defined or regulated as a "hazardous substance", "hazardous waste" or "solid waste", or otherwise classified as hazardous or toxic, in or pursuant to any Environmental Requirement; or (b) which is or contains asbestos, radon, any polychlorinated biphenyl, urea formaldehyde foam insulation, or explosive or radioactive material; or (c) which causes or poses a threat to cause a contamination or nuisance on the Property or on any adjacent property or a hazard to the environment or to the health or safety of persons on the Property. As used in this paragraph (n), the word "on" when used with respect to the Property or adjacent property means "on, in, under, above or about".

(ii) Representations and Warranties. Mortgagor represents and warrants to Mortgagee, without regard to whether Mortgagee has or hereafter obtains any knowledge or report of the environmental condition of the Property, as follows: (1) during the period of Mortgagor's ownership of the Property, the Property will not be used for landfill, dumping or other waste disposal activity or operation, for generation, storage, use, sale, treatment, processing, recycling or disposal of any Hazardous Substance, or for any other use that would give rise to the release of any Hazardous Substance on the Property except as disclosed in that certain Phase I Environmental Site Assessment, dated August 25, 1999, prepared by Eckland Consultants Inc. for Wells Real Estate Funds regarding the Property (the "Report"); (2) to the best of Mortgagor's knowledge after inquiry in accordance with good commercial or customary practices, no use of the Property described in clause (1) preceding occurred at any time prior to the period of Mortgagor's ownership of the Property nor did any such use on any adjacent property occur during or at any time prior to the period of Mortgagor's ownership of the Property, and there is no Hazardous Substance, storage tank (or similar vessel), sump or well on the Property; (3) Mortgagor has received no notice and has no knowledge of any Environmental Claim or any completed, pending, proposed or threatened investigation or inquiry concerning the presence or release of any Hazardous Substance on the Property or on any adjacent property or concerning whether any condition, use or activity on the Property or on any adjacent property is in violation of any Environmental Requirement; (4) to the best of Mortgagor's knowledge, the present conditions, uses and activities on the Property do not violate any Environmental Requirement and the use of the Property which Mortgagor (and each tenant and subtenant, if any) makes and intends to make of the Property complies and will comply with all applicable Environmental Requirements; (5) to the best of Mortgagor's knowledge, the Property is not currently on, and to the best of Mortgagor's knowledge after inquiry in accordance with good commercial or customary practices, has never been on, any federal or state "superfund" or "superlien" list; and (6) neither Mortgagor, nor to Mortgagor's knowledge any tenant or subtenant, has obtained or is required to obtain any permit or other authorization to construct, occupy, operate, use or conduct any activity on any of the Property by reason of any Environmental Requirement except for the following: Waste Generator Permit No. ILD984843235; Industrial

Pretreatment Water Discharge Permit No. WD01921029; and Air Emissions Permit No. 043800AAL.

(iii) Violations. Mortgagor will not cause, commit, permit or allow to continue any violation of any Environmental Requirement by Mortgagor or by or with respect to the Property or any use or activity on the Property, or the attachment of any environmental lien to the Property. Mortgagor will not place,

install, dispose of or release, or cause, permit or allow the placing, installation, disposal or release of, any Hazardous Substance or storage tank (or similar vessel) on the Property and will keep the Property free of any Hazardous Substance. Notwithstanding the foregoing provisions of this Subsection 2(n)(iii), Mortgagor shall not be in default under this Subsection 2(n)(iii) should Mortgagor store minimal quantities of substances on the Property which technically could be considered Hazardous Substance, provided
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that: such substances are of a type and are held only in a quantity normally
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used in connection with the construction, occupancy or operation of comparable buildings (such as cleaning fluids, and supplies normally used in the day to day operation of business offices or as specifically described in the Report), such substances are being held, stored and used in complete and strict compliance with all applicable Environmental Requirements, and the indemnity in Section 7 of the Environmental Indemnity Agreement of even date herewith between Mortgagor and Mortgagee (the "Environmental Indemnity Agreement") and Subsection 2(q)
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hereof shall always apply to such substances, and it shall be and continue to be the responsibility of Mortgagor to take all remedial actions required under and in accordance with Section 6 of the Environmental Indemnity Agreement in the event of any unlawful release of any such substance.

(iv) Notice to Mortgagee. Mortgagor will promptly advise Mortgagee
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in writing of any Environmental Claim or of the discovery of any Hazardous Substance on the Property, as soon as Mortgagor first obtains knowledge thereof, including a full description of the nature and extent of the Environmental Claim and/or Hazardous Substance and all relevant circumstances.

(v) Site Assessments and Information. If Mortgagee shall ever have
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reason to believe that any Hazardous Substance affects the Property, or if any Environmental Claim is made or threatened, or if an Event of Default shall have occurred, Mortgagor will at its expense provide to Mortgagee from time to time, in each case within thirty (30) days of Mortgagee's written request, a report (including all drafts thereof if requested by Mortgagee) of an environmental assessment of the Property made after the date of Mortgagee's request and of such scope (including but not limited to the taking of soil borings, air and groundwater samples and other above and below ground testing) as Mortgagee may request and by a consulting firm acceptable to Mortgagee. Mortgagor will cooperate with each consulting firm making any such assessment and will supply to the consulting firm, from time to time and promptly on request, all information available to Mortgagor to facilitate the completion of the assessment and report.

(vi) Remedial Actions. Without limitation of Mortgagee's rights to
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declare an Event of Default and to exercise all remedies available by reason thereof, if any Hazardous Substance is discovered on the Property at any time and regardless of the cause, Mortgagor shall: (1) promptly at Mortgagor's sole risk and expense remove, treat and dispose of the Hazardous Substance (to the extent required by applicable Environmental Requirements), in compliance with all applicable Environmental Requirements and solely under Mortgagor's name

(or if removal is prohibited by any Environmental Requirement, take whatever action is required by applicable Environmental Requirements), in addition to taking such other action as is necessary to have the full use and benefit of the Property as contemplated by the Loan Documents, and provide Mortgagee with satisfactory evidence thereof; and (2) if requested by Mortgagee, provide to Mortgagee within thirty (30) days of Mortgagee's request a bond, letter of credit or other financial assurance evidencing to Mortgagee's satisfaction that all necessary funds are readily available to pay the costs and expenses of the actions required by clause (1) preceding and to discharge any assessments or liens established against the Property as a result of the presence of the

Hazardous Substance on the Property.

(o) Further Assurances. Mortgagor will, promptly on the reasonable request of Mortgagee, (i) correct any defect, error or omission which may be discovered in the contents, execution or acknowledgment of this Mortgage or any other Loan Document; (ii) execute, acknowledge, deliver, procure and record and/or file such further reasonable documents (including, without limitation, further mortgages, security agreements, financing statements, continuation statements, and assignments of rents or leases) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Mortgage and the other Loan Documents, to more fully identify and subject to the liens and interests hereof any property intended to be covered hereby (including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property) or as deemed advisable by Mortgagee to protect the lien or the interest hereunder against the rights or interests of third persons; and (iii) provide such reasonable certificates, documents, reports, information, affidavits and other instruments and do such further acts as may be necessary, desirable or proper in the reasonable determination of Mortgagee to enable Mortgagee to comply with the requirements or requests of any agency having jurisdiction over Mortgagee or any examiners of such agencies with respect to the indebtedness secured hereby, Mortgagor or the Property. Mortgagor shall pay all reasonable and actual costs connected with any of the foregoing, which shall be a demand obligation owing by Mortgagor (which Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage.

(p) Fees and Expenses. Without limitation of any other provision of this Mortgage or of any other Loan Document and to the extent not prohibited by applicable law, Mortgagor will pay, and will reimburse to Mortgagee on demand to the extent paid by Mortgagee: (i) all appraisal fees, recordation, transfer and other filing, registration and recording fees, taxes, brokerage fees and commissions, abstract fees, title search or examination fees, title policy and endorsement premiums and fees, uniform commercial code search fees (for searches conducted both prior to and subsequent to the closing of the loan evidenced by the Loan Documents), escrow fees, reasonable and actual attorneys' fees, architect fees, construction consultant fees, environmental inspection fees, survey fees, and all other out-of-pocket costs and expenses of every character incurred by Mortgagor or Mortgagee in connection with the preparation of the Loan Documents, the evaluation, closing and funding of the loan evidenced by the Loan Documents, and any and all amendments and supplements to this Mortgage, the Note or any other Loan Documents or any approval, consent, waiver, release or other matter requested or required hereunder or thereunder, or otherwise attributable or chargeable to Mortgagor as owner of the Property; and (ii) all costs and expenses, including reasonable attorneys' fees and expenses, incurred or expended in connection with the

exercise of any right or remedy or the enforcement of any obligation of Mortgagor, hereunder or under any other Loan Document.

(q) Indemnification.

(i) Mortgagor will indemnify and hold harmless Mortgagee from and against, and reimburse Mortgagee on demand for, any and all Indemnified Matters (defined below). For purposes of this paragraph (q), the term "Mortgagee" shall include the directors, officers, partners, employees and agents of Mortgagee and any persons owned or controlled by, owning or controlling, or under common control or affiliated with Mortgagee. Without limitation, the foregoing indemnities shall apply to each indemnified person with respect to matters which in whole or in part are caused by or arise out of the negligence of such (and/or any other) indemnified person. However, such indemnities shall not apply to a particular indemnified person to the extent that the subject of

the indemnification is caused by or arises out of the gross negligence or willful misconduct of that indemnified person. Any amount to be paid under this paragraph (q) by Mortgagor to Mortgagee shall be a demand obligation owing by Mortgagor (which Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage. Nothing in this paragraph, elsewhere in this Mortgage or in any other Loan Document shall limit or impair any rights or remedies of Mortgagee (including without limitation any rights of contribution or indemnification) against Mortgagor or any other person under any other provision of this Mortgage, any other Loan Document, any other agreement or any applicable Legal Requirement.

(ii) As used herein, the term "Indemnified Matters" means any and all
claims, demands, liabilities (including strict liability), losses, damages (including consequential damages), causes of action, judgments, penalties, costs and expenses (including without limitation, reasonable and actual fees and expenses of attorneys and other professional consultants and experts, and of the investigation and defense of any claim, whether or not such claim is ultimately defeated, and the settlement of any claim or judgment including all value paid or given in settlement) of every kind, known or unknown, foreseeable or unforeseeable, which may be imposed upon, asserted against or incurred or paid by Mortgagee at any time and from time to time, whenever imposed, asserted or incurred, because of, resulting from, in connection with, or arising out of any transaction, act, omission, event or circumstance in any way connected with the Property or with this Mortgage or any other Loan Document, including but not limited to any bodily injury or death or property damage occurring in or upon or in the vicinity of the Property, any act performed or omitted to be performed hereunder or under any other Loan Document, any breach by Mortgagor of any representation, warranty, covenant, agreement or condition contained in this Mortgage or in any other Loan Document, any default as defined herein or any claim under or with respect to any Lease (hereinafter defined) or any Environmental Matter (hereinafter defined), through any cause whatsoever at any time on or before the Release Date. As used herein, the term "Environmental
Matter" means: (a) the presence of any Hazardous Substance on, in, under, above or about the Property, or the migration or release or threatened migration or release of any Hazardous Substance on, to, from or through the Property, on or at any time before the Release Date; or (b) any act, omission, event or circumstance existing or occurring in connection with the handling, treatment, containment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Substance which is at any time on or before the Release Date present on, in, under, above or about the Property; or (c) any violation on or before the Release Date, of any Environmental Requirement

in effect on or before the Release Date, regardless of whether any act, omission, event or circumstance giving rise to the violation constituted a violation at the time of the occurrence or inception of such act, omission, event or circumstance; or (d) any Environmental Claim, or the filing or imposition of any environmental lien against the Property, because of, resulting from, in connection with, or arising out of any of the matters referred to in clauses (a) through (c) preceding; and regardless of whether any of the matters referred to in the foregoing clauses (a) through (d) was caused by Mortgagor or Mortgagor's tenant or any subtenant, or a prior owner of the Property or its tenant or any subtenant, or any third party. Without limitation of the definition of Indemnified Matters herein, Mortgagor's indemnification obligations regarding any Environmental Matter shall include injury or damage to any person, property or natural resource occurring upon or off of the Property (including but not limited to the cost of demolition and rebuilding of any improvements on real property), the preparation of any feasibility studies or reports and the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration, monitoring or similar work required by any Environmental Requirement or necessary to have the full use and benefit of the Property as contemplated by the Loan Documents (including, without limitation, any of the same in connection with any foreclosure or

transfer in lieu thereof), and all liability to pay or indemnify any person for costs in connection with any of the foregoing. The term "Release Date" as used herein means the earlier of the following two dates: (i) the date on which the indebtedness and obligations secured hereby have been paid and performed in full and this Mortgage has been cancelled and satisfied of record, or (ii) the date on which the lien of this Mortgage is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective, and possession of the Property has been given to the purchaser or grantee free of occupancy and claims to occupancy by Mortgagor and Mortgagor's heirs, devisees, representatives, successors and assigns; provided, that if such payment, performance, release, foreclosure or conveyance is challenged, in bankruptcy proceedings or otherwise, the Release Date shall be deemed not to have occurred until such challenge is rejected, dismissed or withdrawn with prejudice. The indemnities in this paragraph (q) shall not terminate upon the Release Date or upon the cancellation, satisfaction, foreclosure or other termination of this Mortgage but will survive the Release Date, foreclosure of this Mortgage or conveyance in lieu of foreclosure, the repayment of the secured indebtedness, the discharge, cancellation and satisfaction of this Mortgage and the other Loan Documents, any bankruptcy or other debtor relief proceeding, and any other event whatsoever.

(r) Records and Financial Reports. Mortgagor will keep accurate books and records in accordance with sound accounting principles in which full, true and correct entries shall be promptly made with respect to the Property and the operation thereof, and will permit all such books and records to be inspected and copied, and the Property to be inspected and photographed, by Mortgagee and its representatives during normal business hours and at any other reasonable times. Mortgagor will furnish to Mortgagee at Mortgagor's expense all evidence which Mortgagee may from time to time reasonably request as to compliance with all provisions of the Loan Documents. Any inspection or audit of the Property or the books and records of Mortgagor, or the procuring of documents and financial and other information, by or on behalf of Mortgagee shall be for Mortgagee's protection only, and shall not constitute any assumption of responsibility to Mortgagor or anyone else with regard to the condition, construction, maintenance or operation of the Property nor Mortgagee's approval of any certification given to Mortgagee nor relieve Mortgagor of any of Mortgagor's obligations. Upon the prior written approval of Mortgagor, which approval shall not be unreasonably withheld or delayed and which approval shall not be required

with respect to an assignment or grant of a participation to an affiliate of Mortgagee, Mortgagee may, from time to time, sell or offer to sell the Loan, or interests therein, to one or more assignees or participants and is hereby authorized to disseminate any information it now has or hereafter obtains pertaining to the secured indebtedness, including, without limitation, any security for the secured indebtedness and credit or other information on the Premises, Mortgagor, any of its principals and any guarantor, to any assignee or participant or prospective assignee or prospective participant, to Mortgagee's affiliates, including without limitation Banc of America Securities LLC, to any regulatory body having jurisdiction over Mortgagee and to any other parties as necessary or appropriate in Mortgagee's reasonable judgment. Mortgagor shall execute, acknowledge and deliver any and all instruments reasonably requested by Mortgagee in connection therewith and to the extent, if any, specified in any such assignment or participation, such companies, assignees or participants shall have the rights and benefits with respect to the secured indebtedness as such persons would have if such persons were Mortgagee hereunder.

(s) Financial Statements. Mortgagor shall provide or cause to be provided to Mortgagee the following:

(i) Financial Statements (hereinafter defined) of Mortgagor for each fiscal year of Mortgagor, as soon as reasonably practicable and in any event

within one hundred twenty (120) days after the close of each fiscal year.

(ii) Financial Statements of each guarantor of the secured indebtedness for each fiscal year of such guarantor, as soon as reasonably practicable and in any event within one hundred twenty (120) days after the close of each fiscal year, and Financial Statements for each calendar quarter of each such guarantor, as soon as reasonably practicable and in any event within forty-five (45) days after the close of each such calendar quarter.

(iii) With respect to the operation of the Property:

(A) Prior to the beginning of each fiscal year of Mortgagor, a capital and operating budget for the Property, and

(B) For each quarter (and for the fiscal year through the end of that quarter) (1) a statement of all income and expenses in connection with the Property, and (2) a current leasing status report in form satisfactory to Mortgagee, including in each case a comparison to the budget, as soon as reasonably practicable but in any event within forty-five (45) days after the end of each such quarter, certified in writing as true and correct by a representative of Mortgagor satisfactory to Mortgagee. Items provided under this paragraph (iii) shall in form and detail satisfactory to Mortgagee.

(iv) From time to time promptly after Mortgagee's request, such additional information, reports, and statements respecting the business operations and financial condition of each Reporting Party (hereinafter defined) as Mortgagee may reasonably request.

For the purposes of this Mortgage, the term "Financial Statements" means a
balance sheet, income statement, statements of cash flow and amount and sources of contingent liabilities, and a

reconciliation of changes in equity, and, unless Mortgagee otherwise consents, consolidated and consolidating statements if the Reporting Party is a holding company or a parent of a subsidiary entity. Each party for whom Financial Statements are required is a "Reporting Party." All Financial Statements shall
be in form and detail reasonably satisfactory to Mortgagee and shall contain or be attached to the signed and dated written certification of the Reporting Party in form specified by Mortgagee to certify that the Financial Statements are furnished to Mortgagee in connection with the extension of credit by Mortgagee and constitute a true and correct statement of the Reporting Party's financial condition. All certifications and signatures shall be by a representative of the Reporting Party satisfactory to Mortgagee. All fiscal year-end Financial Statements of any guarantor (other than consolidating statements) shall be audited and certified, without any qualification or exception not acceptable to Mortgagee, by independent certified accountants acceptable to Mortgagee, and shall contain all reports and disclosures required by generally accepted accounting principles for a fair presentation.

(t) Taxes on Note or Mortgage. Mortgagor will promptly pay all income, franchise and other taxes owing by Mortgagor and any stamp, documentary, recordation and transfer taxes or other taxes (unless such payment by Mortgagor is prohibited by law) which may be required to be paid with respect to the Note, this Mortgage or any other instrument evidencing or securing any of the secured indebtedness. In the event of the enactment after this date of any law of any governmental entity applicable to Mortgagee, the Note, the Property or this Mortgage deducting from the value of property for the purpose of taxation any lien or interest thereon, or imposing upon Mortgagee the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Mortgagor, or changing in any way the laws relating to the taxation of mortgages or security agreements or debts secured by mortgages or security agreements or the interest of the mortgagee or secured party in the property

covered thereby, or the manner of collection of such taxes, so as to affect this Mortgage or the indebtedness secured hereby or Mortgagee, then, and in any such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes, assessments, charges or liens, or reimburse Mortgagee therefor; provided, however, that if in the opinion of counsel for Mortgagee (i) it might be unlawful to require Mortgagor to make such payment or (ii) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, Mortgagee may elect, by notice in writing given to Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable one hundred eighty (180) days from the giving of such notice.

(u) Statement Concerning Note or Mortgage. Mortgagor shall at any time and from time to time furnish within seven (7) days of request by Mortgagee a written statement in such form as may be required by Mortgagee stating that (i) the Note, this Mortgage and the other Loan Documents are valid and binding obligations of Mortgagor, enforceable against Mortgagor in accordance with their terms; (ii) the unpaid principal balance of the Note; (iii) the date to which interest on the Note is paid; (iv) the Note, this Mortgage and the other Loan Documents have not been released, subordinated or modified; and (v) there are no offsets or defenses against the enforcement of the Note, this Mortgage or any other Loan Document. If any of the foregoing statements are untrue, Mortgagor shall, alternatively, specify the reasons therefor.

(v) Annual Appraisal. Mortgagee may at its option obtain at Mortgagor's expense, once in each year (or as otherwise requested by Mortgagee) an appraisal of the Property or any part

thereof prepared in accordance with written instructions from Mortgagee by a third-party appraiser engaged directly by Mortgagee. Each such appraiser and appraisal shall be satisfactory to Mortgagee. The costs of each such appraisal shall be a part of the secured indebtedness and shall be payable by Mortgagor to Mortgagee on demand (which obligation Mortgagor hereby promises to pay).

(w) Real Estate Operating Company. In the event that any interest in any entity liable for the secured indebtedness shall be owned by, conveyed to or otherwise acquired by a pension fund (which conveyance or acquisition shall be subject to the prior written consent of Mortgagee), Mortgagor shall cause such entity to qualify, and at all times during the term of the loan evidenced by the Note remain qualified, as a Real Estate Operating Company within the meaning of Section 2510.3 - 101(e) of Title 29 of the Code of Federal Regulations.

Section 2.2. Performance by Mortgagee on Mortgagor's Behalf. Mortgagor agrees that, if Mortgagor fails to perform any act or to take any action which under any Loan Document Mortgagor is required to perform or take, or to pay any money which under any Loan Document Mortgagor is required to pay, and whether or not the failure then constitutes an Event of Default hereunder or thereunder, and whether or not there has occurred any Event of Default hereunder or the secured indebtedness has been accelerated, Mortgagee, in Mortgagor's name or its own name, may, but shall not be obligated to, perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by Mortgagee and any money so paid by Mortgagee shall be a demand obligation owing by Mortgagor to Mortgagee (which obligation Mortgagor hereby promises to pay), shall be a part of the indebtedness secured hereby, and Mortgagee, upon making such payment, shall be subrogated to all of the rights of the person, entity or body politic receiving such payment. Mortgagee and its designees shall have the right to enter upon the Property at any time and from time to time for any such purposes. No such payment or performance by Mortgagee shall waive or cure any Event of Default or waive any right, remedy or recourse of Mortgagee. Any such payment may be made by Mortgagee in reliance on any statement, invoice or claim without inquiry into the validity or accuracy thereof. Each amount due and owing by Mortgagor to Mortgagee pursuant to this Mortgage shall bear interest,

from the date such amount becomes due until paid, at the rate per annum provided in the Note for interest on past due principal owed on the Note but never in excess of the maximum nonusurious amount permitted by applicable law, which interest shall be payable to Mortgagee on demand; and all such amounts, together with such interest thereon, shall automatically and without notice be a part of the indebtedness secured hereby. The amount and nature of any expense by Mortgagee hereunder and the time when paid shall be fully established by the certificate of Mortgagee or any of Mortgagee's officers or agents.

Section 2.3. Absence of Obligations of Mortgagee with Respect to Property.

Notwithstanding anything in this Mortgage to the contrary, including, without limitation, the definition of "Property" and/or the provisions of Article 3 hereof, (i) to the extent permitted by applicable law, the Property is composed of Mortgagor's rights, title and interests therein but not Mortgagor's obligations, duties or liabilities pertaining thereto, (ii) Mortgagee neither assumes nor shall have any obligations, duties or liabilities in connection with any portion of the items described in the definition of "Property" herein, either prior to or after obtaining title to such Property, whether by foreclosure sale, the granting of a deed in lieu of foreclosure or otherwise, and (iii)

Mortgagee may, at any time prior to or after the acquisition of title to any portion of the Property as above described, advise any party in writing as to the extent of Mortgagee's interest therein and/or expressly disaffirm in writing any rights, interests, obligations, duties and/or liabilities with respect to such Property or matters related thereto. Without limiting the generality of the foregoing, it is understood and agreed that Mortgagee shall have no obligations, duties or liabilities prior to or after acquisition of title to any portion of the Property, as lessee under any lease or purchaser or seller under any contract or option unless Mortgagee elects otherwise by written notification.

ARTICLE 3 - Assignment of Rents and Leases

Section 3.1. Assignment. Mortgagor hereby assigns to Mortgagee all Rents (hereinafter defined) and all of Mortgagor's rights in and under all Leases (hereinafter defined). So long as no Event of Default (hereinafter defined) has occurred, Mortgagor shall have a license (which license shall terminate automatically and without further notice upon the occurrence of an Event of Default) to collect, but not prior to accrual, the Rents under the Leases and, where applicable, subleases, such Rents to be held in trust for Mortgagee, and to otherwise deal with all Leases as permitted by this Mortgage. Each month, provided no Event of Default has occurred, such Rents shall be released from the trust and Mortgagor may retain such Rents as were collected that month and may use and enjoy the same and may distribute the same to its members. Upon the revocation of such license, all Rents then held in trust or thereafter collected shall be paid directly to Mortgagee and not through the Mortgagor, all without the necessity of any further action by Mortgagee, including, without limitation, any action to obtain possession of the Land, Improvements or any other portion of the Property or any action for the appointment of a receiver. Mortgagor hereby authorizes and directs the tenants under the Leases to pay Rents to Mortgagee upon written demand by Mortgagee, without further consent of Mortgagor, without any obligation of such tenants to determine whether an Event of Default has in fact occurred and regardless of whether Mortgagee has taken possession of any portion of the Property, and the tenants may rely upon any written statement delivered by Mortgagee to the tenants. Any such payments to Mortgagee shall constitute payments to Mortgagor under the Leases, and Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact to do all things which Mortgagor might otherwise do with respect to the Property and the Leases thereon, including, without limitation, (i) collecting Rents with or without suit and applying the same, less expenses of collection, to any of the obligations secured hereunder or to expenses of operating and maintaining the Property (including reasonable reserves for anticipated expenses), at the option

of the Mortgagee, all in such manner as may be determined by Mortgagee, or, at the option of Mortgagee, holding the same as security for the payment of all obligations secured hereunder, (ii) leasing, in the name of Mortgagor, the whole or any part of the Property which may become vacant, and (iii) employing agents therefor and paying such agents reasonable compensation for their services; provided, however, that Mortgagee shall not exercise such rights as attorney-in-fact until there occurs an Event of Default under the terms of the Note or this Mortgage. The curing of such Event of Default, unless other Events of Default also then exist, shall entitle Mortgagor to recover its aforesaid license to do any such things which Mortgagor might otherwise do with respect to the Property and the Leases thereon and to again collect such Rents. The powers and rights granted in this paragraph shall be in addition to the other remedies herein provided for upon the occurrence of an Event of Default and may be exercised independently of or concurrently with any of said remedies. Nothing in the foregoing shall be construed to impose any obligation upon Mortgagee to

exercise any power or right granted in this paragraph or to assume any liability under any Lease of any part of the Property and no liability shall attach to Mortgagee for failure or inability to collect any Rents under any such Lease. The assignment contained in this Section shall become null and void upon the release of this Mortgage. As used herein: (i) "Lease" means the Major Lease and each existing or future lease, sublease (to the extent of Mortgagor's rights thereunder) or other agreement under the terms of which any person has or acquires any right to occupy or use the Property, or any part thereof, or interest therein, and each existing or future guaranty of payment or performance thereunder, and all extensions, renewals, modifications and replacements of each such lease, sublease, agreement or guaranty; and (ii) "Rents" means all of the rents, revenue, income, profits and proceeds derived and to be derived from the Property or arising from the use or enjoyment of any portion thereof or from any Lease, including but not limited to liquidated damages following default under any such Lease, all proceeds payable under any policy of insurance covering loss of rents resulting from untenantability caused by damage to any part of the Property, all of Mortgagor's rights to recover monetary amounts from any tenant in bankruptcy including, without limitation, rights of recovery for use and occupancy and damage claims arising out of Lease defaults, including rejections, under any applicable Debtor Relief Law (hereinafter defined), together with any sums of money that may now or at any time hereafter be or become due and payable to Mortgagor by virtue of any and all royalties, overriding royalties, bonuses, delay rentals and any other amount of any kind or character arising under any and all present and all future oil, gas, mineral and mining leases covering the Property or any part thereof, and all proceeds and other amounts paid or owing to Mortgagor under or pursuant to any and all contracts and bonds relating to the construction or renovation of the Property.

Section 3.2. Covenants, Representations and Warranties Concerning Leases and Rents. Mortgagor covenants, represents and warrants that: (a) Mortgagor has good title to, and is the owner of the entire landlord's interest in, the Leases and Rents hereby assigned and has authority to assign them; (b) to the best of Mortgagor's knowledge after due inquiry, all Leases are valid and enforceable, and in full force and effect, and are unmodified except as stated therein; (c) except as expressly disclosed to Mortgagee in writing, neither Mortgagor nor, to the best of Mortgagor's knowledge after due inquiry, any tenant in the Property is in default under its Lease (and to the best of Mortgagor's knowledge no event has occurred which with the passage of time or notice or both would result in a default under its Lease) or is the subject of any bankruptcy, insolvency or similar proceeding; (d) unless otherwise stated in a Permitted Encumbrance, no Rents or Leases have been or will be assigned, mortgaged, pledged or otherwise encumbered and no other person has or will acquire any right, title or interest in such Rents or Leases; (e) to the best of Mortgagor's knowledge after due inquiry, no Rents have been waived, released, discounted, set off or compromised; (f) except as stated in the Leases,

Mortgagor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents; (g) Mortgagor shall perform all of its obligations under the Leases and enforce the tenants' obligations under the Leases to the extent enforcement is prudent under the circumstances; (h) Mortgagor will not without the prior written consent of Mortgagee, enter into any Lease after the date hereof, or waive, release, discount, set off, compromise, reduce or defer any Rent, receive or collect Rents more than one (1) month in advance, grant any rent-free period to any tenant, reduce any Lease term or waive, release or otherwise modify any other material obligation under any Lease, renew or extend any Lease except in accordance with a right of the tenant thereto in such Lease, approve or consent to an assignment of a Lease or a subletting of any part of the premises covered by a Lease, or settle or compromise

any claim against a tenant under a Lease in bankruptcy or otherwise; (i) Mortgagor will not, except in good faith where the tenant is in material default thereunder, terminate or consent to the cancellation or surrender of any Lease having an unexpired term of more than one year unless promptly after the cancellation or surrender a new Lease of such premises is made with a new tenant having a credit standing, in Mortgagee's judgment, at least equivalent to that of the tenant whose Lease was cancelled, on substantially the same terms as the terminated or cancelled Lease; (j) Mortgagor will not execute any Lease except in accordance with the Loan Documents and for actual occupancy by the tenant thereunder; (k) Mortgagor shall give prompt notice to Mortgagee, as soon as Mortgagor first obtains notice, of any claim, or the commencement of any action, by any tenant or subtenant under or with respect to a Lease regarding any claimed damage, default, diminution of or offset against Rent, cancellation of the Lease, or constructive eviction, excluding, however, notices of default under residential Leases, and Mortgagor shall defend, at Mortgagor's expense, any proceeding pertaining to any Lease, including, if Mortgagee so requests, any such proceeding to which Mortgagee is a party; (l) Mortgagor shall as often as requested by Mortgagee, within ten (10) days of each request, deliver to Mortgagee a complete rent roll of the Property in such detail as Mortgagee may require and financial statements of the tenants, subtenants and guarantors under the Leases to the extent available to Mortgagor, and deliver to such of the tenants and others obligated under the Leases specified by Mortgagee written notice of the assignment in Section 3.1 hereof in form and content satisfactory to Mortgagee; (m) promptly upon request by Mortgagee, Mortgagor shall deliver to Mortgagee executed originals of all Leases and copies of all records relating thereto; (n) there shall be no merger of the leasehold estates, created by the Leases, with the fee estate of the Land without the prior written consent of Mortgagee; and (o) Mortgagee may at any time and from time to time by specific written instrument intended for the purpose, unilaterally subordinate the lien of this Mortgage to any Lease, without joinder or consent of, or notice to, Mortgagor, any tenant or any other person, and notice is hereby given to each tenant under a Lease of such right to subordinate. No such subordination shall constitute a subordination to any lien or other encumbrance, whenever arising, or improve the right of any junior lienholder; and nothing herein shall be construed as subordinating this Mortgage to any Lease.

Section 3.3. Estoppel Certificates; Subordination, Non-Disturbance and Attornment Agreements. All new Leases shall require the tenant to execute and deliver to Mortgagee an estoppel certificate and a subordination, non-disturbance and attornment agreement in form and substance acceptable to Mortgagee within ten (10) days after notice from the Mortgagee.

Section 3.4. No Liability of Mortgagee. Mortgagee's acceptance of this assignment shall not be deemed to constitute Mortgagee a "mortgagee in possession," nor obligate Mortgagee to appear in or defend any proceeding relating to any Lease or to the Property, or to take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under any Lease, or assume any obligation for any deposit delivered to Mortgagor

by any tenant and not as such delivered to and accepted by Mortgagee. Mortgagee shall not be liable for any injury or damage to person or property in or about the Property, unless caused solely by Mortgagee's gross negligence or wilful misconduct, or for Mortgagee's failure to collect or to exercise diligence in collecting Rents, but shall be accountable only for Rents that it shall actually receive. Neither the assignment of Leases and Rents nor enforcement of Mortgagee's rights regarding Leases and Rents (including collection of Rents) nor possession of the Property by Mortgagee nor Mortgagee's consent to or approval of any Lease (nor all of the same), shall render Mortgagee liable on any

obligation under or with respect to any Lease or constitute affirmation of, or any subordination to, any Lease, occupancy, use or option.

If Mortgagee seeks or obtains any judicial relief regarding Rents or Leases, the same shall in no way prevent the concurrent or subsequent employment of any other appropriate rights or remedies nor shall same constitute an election of judicial relief for any foreclosure or any other purpose. Mortgagee neither has nor assumes any obligations as lessor or landlord with respect to any Lease. The rights of Mortgagee under this Article 3 shall be cumulative of all other rights of Mortgagee under the Loan Documents or otherwise.

ARTICLE 4 - Default

Section 4.1. Events of Default. The occurrence of any one of the following shall be a default under this Mortgage ("default"):

(a) Failure to Pay Indebtedness. Any of the secured indebtedness is not paid when due, regardless of how such amount may have become due.

(b) Nonperformance of Covenants. Any covenant, agreement or condition herein or in any other Loan Document (other than covenants otherwise addressed in another paragraph of this Section, such as covenants to pay the secured indebtedness) is not fully and timely performed, observed or kept, and such failure is not cured within the applicable grace or cure period provided for in Section 4.2 hereof.

(c) Representations. Any statement, representation or warranty in any of the Loan Documents, or in any financial statement or any other writing heretofore or hereafter delivered to Mortgagee in connection with the secured indebtedness is false, misleading or erroneous in any material respect on the date hereof or on the date as of which such statement, representation or warranty is made.

(d) Bankruptcy or Insolvency. The owner of the Property or any person liable for any of the secured indebtedness (or any general partner of such owner or other person):

(i) (A) Executes an assignment for the benefit of creditors, or takes any action in furtherance thereof; or (B) admits in writing its inability to pay, or fails to pay, its debts generally as they become due; or (C) as a debtor, files a petition, case, proceeding or other action pursuant to, or voluntarily seeks the benefit or benefits of, Title 11 of the United States Code as now or hereafter in effect or any other law, domestic or foreign, as now or hereafter in effect relating to bankruptcy, insolvency, liquidation, receivership, reorganization, arrangement, composition, extension or adjustment of debts, or similar laws affecting the rights of creditors (Title 11 of the United States Code and such other laws being herein called "Debtor Relief

Laws"), or takes any action in furtherance thereof; or (D) seeks the appointment of a receiver, trustee, custodian or liquidator of the Property or any part thereof or of any significant portion of its other property; or

(ii) Suffers the filing of a petition, case, proceeding or other action against it as a debtor under any Debtor Relief Law or seeking appointment of a receiver, trustee, custodian or

liquidator of the Property or any part thereof or of any significant portion of its other property, and (A) admits, acquiesces in or fails to contest diligently the material allegations thereof, or (B) the petition, case, proceeding or other action results in entry of any order for relief or order granting relief sought against it, or (C) in a proceeding under the Federal Bankruptcy Code, the case is converted from one chapter to another, or (D) fails to have the petition, case, proceeding or other action permanently dismissed or discharged on or before the earlier of trial thereon or sixty (60) days next following the date of its filing; or

(iii) Conceals, removes, or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or makes any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or suffers or permits, while insolvent, any creditor to obtain a lien (other than as described in subparagraph (iv) below) upon any of its property through legal proceedings which are not vacated and such lien discharged prior to enforcement thereof and in any event within sixty (60) days from the date thereof; or

(iv) Fails to have discharged within a period of thirty (30) days any attachment, sequestration, or similar writ levied upon any of its property; or

(v) Fails to pay immediately, or immediately post a satisfactory bond against, any final money judgment against it.

(e) Transfer of the Property. There occurs any sale, lease, conveyance, assignment, pledge, encumbrance, or transfer of all or any part of the Property or any interest therein, voluntarily or involuntarily, whether by operation of law or otherwise, except: (i) sales or transfers of items of the Accessories which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes, owned by Mortgagor, having a value equal to or greater than the replaced items when new; and (ii) the grant, in the ordinary course of business, of a leasehold interest in a part of the Improvements to a tenant for occupancy, not containing a right or option to purchase and not in contravention of any provision of this Mortgage or of any other Loan Document. Mortgagee may, in its sole discretion, waive a default under this paragraph, but it shall have no obligation to do so, and any waiver may be conditioned upon such one or more of the following (if any) which Mortgagee may require: the grantee's integrity, reputation, character, creditworthiness and management ability being satisfactory to Mortgagee in its sole judgment and such grantee's executing, prior to such sale or transfer, a written assumption agreement containing such terms as Mortgagee may require, a principal paydown on the Note, an increase in the rate of interest payable under the Note, a transfer fee, a modification of the term of the Note, and any other modification of the Loan Documents which Mortgagee may require.

(f) Transfer of Ownership of Mortgagor. There occurs any sale, pledge, encumbrance, assignment or transfer, voluntarily or involuntarily, whether by operation of law or otherwise, of any interest in Mortgagor or any other entity liable for any of the secured indebtedness, without the prior written consent of

Mortgagee (including, without limitation, the withdrawal from or admission into Mortgagor or any such other entity of any member).

(g) Grant of Easement, Etc. Without the prior written consent of Mortgagee, Mortgagor grants any easement or dedication, files any plat, condominium declaration, or restriction, or otherwise encumbers the Property, or seeks or permits any zoning reclassification or variance, unless such action is expressly permitted by the Loan Documents or does not affect the Property.

(h) Abandonment. The owner of the Property abandons any of the Property.

(i) Default Under Other Lien. A default or event of default occurs under any lien, security interest or assignment covering the Property or any part thereof (whether or not Mortgagee has consented, and without hereby implying Mortgagee's consent, to any such lien, security interest or assignment not created hereunder) and such default or event of default is not cured within the time (if any) permitted in such lien, security interest or assignment, or the holder of any such lien, security interest or assignment declares a default or institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

(j) Destruction. Subject to Subparagraph (g) of Section 2.1, the Property is so demolished, destroyed or damaged that, in the reasonable opinion of Mortgagee, it cannot be restored or rebuilt with available funds to a profitable condition within a reasonable period of time and in any event prior to the final maturity date of the Note.

(k) Condemnation. Subject to Subparagraph (g) of Section 2.1, (i) any governmental authority shall require, or commence any proceeding for, the demolition of any building or structure comprising a material portion of the Premises (which for these purposes, shall mean more than ten percent (10%) of the Land and Improvements), or (ii) there is commenced any proceeding to condemn or otherwise take pursuant to the power of eminent domain, or a contract for sale or a conveyance in lieu of such a taking is executed which provides for the transfer of, a material portion of the Premises, including but not limited to the taking (or transfer in lieu thereof) of any portion which would result in the blockage or substantial impairment of access or utility service to the Improvements or which would cause the Premises to fail to comply with any Legal Requirement.

(l) Liquidation, Etc. There occurs a liquidation, termination, dissolution, merger, consolidation or failure, for a period of thirty (30) days after written notice thereof to Mortgagor, to maintain good standing in the State of Illinois and/or the state of incorporation or organization, if different of Mortgagor, any owner of the Property or any person obligated to pay any part of the secured indebtedness.

(m) Material, Adverse Change. In Mortgagee's reasonable opinion, the prospect of payment of all or any part of the secured indebtedness has been impaired because of a material, adverse change in the financial condition, results of operations, business or properties of any owner of the Property or any person liable for any of the secured indebtedness, or of any general partner thereof (if such owner or other person is a partnership).

(n) Enforceability; Priority. Any Loan Document shall for any reason without Mortgagee's specific written consent cease to be in full force and effect, or shall be declared null and void or unenforceable in whole or in part,

or the validity or enforceability thereof, in whole or in part, shall be challenged or denied by any party thereto other than Mortgagee; or the liens,

interests, mortgages or security interests of Mortgagee in any of the Property become unenforceable in whole or in part, or cease to be of the priority herein required, or the validity or enforceability thereof, in whole or in part, shall be challenged or denied by Mortgagor or any person obligated to pay any part of the secured indebtedness.

(o) Other Loan Documents. A default or Event of Default occurs under any Loan Document, other than an Event of Default under this Mortgage.

(p) Major Lease. A default or Event of Default occurs under the Major Lease and remains uncured beyond any grace or cure period provided therein.

Section 4.2 Notice and Cure. Mortgagee agrees, by its acceptance of this Mortgage, that notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, upon the occurrence of any default of the type described in Subparagraphs (a), (b), (m), (n) or (o) of Section 4.1 of this Mortgage, Mortgagee will not accelerate the maturity of the Note or the secured indebtedness and will not exercise any of its other rights and remedies hereunder or under the other Loan Documents until and unless Mortgagee has first given notice of such default to Mortgagor, in the manner prescribed in Section 6.13 of this Mortgage, and Mortgagor has failed to cure such default within the following periods of time:

(a) If such default is a default of the type described in Subparagraph (a), (m), (n) or (o) of Section 4.1 of this Mortgage, Mortgagor shall have a period of ten (10) days from and after the effective date of such notice within which to cure such default; or

(b) If such default is a default of the type described in Subparagraph (b) of Section 4.1 of this Mortgage, Mortgagor shall have a period of thirty (30) days from and after the effective date of such notice within which to cure such default.

The occurrence of a default, and the failure to cure the same within any applicable cure period if the opportunity to cure such default is afforded to Mortgagor hereunder, shall constitute an "Event of Default" under this Mortgage.

After the occurrence of three (3) such defaults in any consecutive twelve (12) month period, and the giving of notice thereof by Mortgagee, Mortgagee shall not be obligated to give to Mortgagor any further notice of default or opportunity to cure the same. The agreements set forth in this Section 4.2 do not and shall not be deemed to prevent or prohibit Mortgagee from withholding any advances of the secured indebtedness, following the occurrence of a default, until and unless such default shall have been cured.

If Mortgagee shall fail to give such notice and right to cure to Mortgagor as provided herein, the sole and exclusive remedy of Mortgagor for such failure shall be to seek appropriate equitable relief to enforce the agreement to give such notice and right to cure and to have any acceleration of the maturity of the Note and the secured indebtedness postponed or revoked and foreclosure or other proceedings in connection therewith delayed or terminated pending or upon the curing of such default in the manner and during the period of time permitted by such agreement, and Mortgagor shall have no right to damages or any other type of relief not herein specifically set

out against Mortgagee, all of which damages or other relief are hereby waived by Mortgagor. Nothing herein or in any of the other Loan Documents shall operate or be construed to add on or make cumulative any cure or grace periods specified in any of the Loan Documents.

ARTICLE 5 - Remedies

Section 5.1. Certain Remedies. If an Event of Default shall occur, Mortgagee may (but shall have no obligation to) exercise any one or more of the following remedies, without notice (unless notice is required by applicable statute):

(a) Acceleration. Mortgagee may at any time and from time to time declare any or all of the secured indebtedness immediately due and payable and such secured indebtedness shall thereupon be immediately due and payable, without presentment, demand, protest, notice of protest, notice of acceleration or of intention to accelerate or any other notice or declaration of any kind, all of which are hereby expressly waived by Mortgagor. Without limitation of the foregoing, upon the occurrence of a default described in clauses (A), (C) or (D) of subparagraph (i) of paragraph (d) of Section 4.1, hereof, all of the secured indebtedness shall thereupon be immediately due and payable, without presentment, demand, protest, notice of protest, declaration or notice of acceleration or intention to accelerate, or any other notice, declaration or act of any kind, all of which are hereby expressly waived by Mortgagor.

(b) Enforcement of Assignment of Rents. In addition to the rights of Mortgagee under Article 3 hereof, prior or subsequent to taking possession of any portion of the Property or taking any action with respect to such possession, Mortgagee may: (1) collect and/or sue for the Rents in Mortgagee's own name, give receipts and releases therefor, and after deducting all expenses of collection, including attorneys' fees and expenses, apply the net proceeds thereof to the secured indebtedness in such manner and order as Mortgagee may elect and/or to the operation and management of the Property, including the payment of management, brokerage and attorney's fees and expenses; and (2) require Mortgagor to transfer all security deposits and records thereof to Mortgagee together with original counterparts of the Leases.

(c) Foreclosure. Mortgagor may foreclose the lien of this Mortgage and obtain possession of the Collateral, by any lawful procedures.

(d) Uniform Commercial Code. Without limitation of Mortgagee's rights of enforcement with respect to the Collateral or any part thereof in accordance with the procedures for foreclosure of real estate, Mortgagee may exercise its rights of enforcement with respect to the Collateral or any part thereof under the Uniform Commercial Code as adopted in the State of Illinois, as amended (or under the Uniform Commercial Code in force in any other state to the extent the same is applicable law) and in conjunction with, in addition to or in substitution for those rights and remedies: (1) Mortgagee may enter upon Mortgagor's premises to take possession of, assemble and collect the Collateral or, to the extent and for those items of the Collateral permitted under applicable law, to render it unusable; (2) Mortgagee may require Mortgagor to assemble the Collateral and make it available at a place Mortgagee designates which is mutually convenient to allow Mortgagee to take possession or dispose of the Collateral; (3) written notice mailed to Mortgagor as provided herein at least five (5) days prior to the date of public sale of the Collateral

or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; (4) any sale made pursuant to the provisions of this paragraph shall be deemed to have been a public sale conducted in a

commercially reasonable manner if held contemporaneously with and upon the same notice as required for the sale of the Property under applicable law; (5) in the event of a foreclosure sale, the Collateral and the other Property may, at the option of Mortgagee, be sold as a whole; (6) it shall not be necessary that Mortgagee take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this Section is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; (7) with respect to application of proceeds of disposition of the Collateral under Section 5.2 hereof, the costs and expenses incident to disposition shall include the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by Mortgagee; (8) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the secured indebtedness or as to the occurrence of any Event of Default, or as to Mortgagee having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Mortgagee, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and (9) Mortgagee may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Mortgagee, including the sending of notices and the conduct of the sale, but in the name and on behalf of Mortgagee.

(e) Lawsuits. Subject to the terms of Section 10 of the Note, Mortgagee may proceed by a suit or suits in equity or at law, whether for collection of the indebtedness secured hereby, the specific performance of any covenant or agreement herein contained or for foreclosure hereunder or for the sale of the Property under the judgment or decree of any court or courts of competent jurisdiction.

(f) Entry on Property. Mortgagee is authorized, prior or subsequent to the institution of any foreclosure proceedings, to the fullest extent permitted by applicable law, to enter upon the Property, or any part thereof, and to take possession of the Property and all books and records relating thereto, and to exercise without interference from Mortgagor any and all rights which Mortgagor has with respect to the management, possession, operation, protection or preservation of the Property. Mortgagee shall not be deemed to have taken possession of the Property or any part thereof except upon the exercise of its right to do so, and then only to the extent evidenced by its demand and overt act specifically for such purpose. All costs, expenses and liabilities of every character incurred by Mortgagee in managing, operating, maintaining, protecting or preserving the Property shall constitute a demand obligation of Mortgagor (which obligation Mortgagor hereby promises to pay) to Mortgagee pursuant to this Mortgage. If necessary to obtain the possession provided for above, Mortgagee may invoke any and all legal remedies to dispossess Mortgagor. In connection with any action taken by Mortgagee pursuant to this Section, Mortgagee shall not be liable for any loss sustained by Mortgagor resulting from any failure to let the Property or any part thereof, or from any act or omission of Mortgagee in managing the Property unless such loss is caused by the willful misconduct and bad faith of Mortgagee, nor shall Mortgagee be obligated to perform or discharge any obligation, duty or liability of Mortgagor arising under any lease or other agreement relating to the Property or arising under any Permitted Encumbrance or otherwise

arising. Mortgagor hereby assents to, ratifies and confirms any and all actions of Mortgagee with respect to the Property taken under this Section.

(g) Receiver. Mortgagee shall as a matter of right be entitled to the appointment of a receiver or receivers for all or any part of the Property, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Property or the

solvency of any person or persons liable for the payment of the indebtedness secured hereby, and Mortgagor does hereby irrevocably consent to the appointment of such receiver or receivers, waives notice of such appointment, of any request therefor or hearing in connection therewith, and any and all defenses to such appointment, agrees not to oppose any application therefor by Mortgagee, and agrees that such appointment shall in no manner impair, prejudice or otherwise affect the rights of Mortgagee to application of Rents as provided in this Mortgage. Nothing herein is to be construed to deprive Mortgagee of any other right, remedy or privilege it may have under the law to have a receiver appointed. Any money advanced by Mortgagee in connection with any such receivership shall be a demand obligation (which obligation Mortgagor hereby promises to pay) owing by Mortgagor to Mortgagee pursuant to this Mortgage.

(h) Termination of Commitment to Lend. Mortgagee may terminate any commitment or obligation to lend or disburse funds under any Loan Document.

(i) Other Rights and Remedies. Mortgagee may exercise any and all other rights and remedies which Mortgagee may have under the Loan Documents, or at law or in equity or otherwise.

Section 5.2. Proceeds of Foreclosure. The proceeds of any sale held in foreclosure of the liens and interests evidenced hereby shall be applied: FIRST, to the payment of all necessary costs and expenses incident to such foreclosure sale, including but not limited to all reasonable and actual attorneys' fees and legal expenses, advertising costs, auctioneer's fees, costs of title rundowns and lien searches, inspection fees, appraisal costs, fees for professional services, environmental assessment and remediation fees, all court costs and charges of every character, and to the payment of the other secured indebtedness, including specifically without limitation the principal, accrued interest and attorneys' fees due and unpaid on the Note and the amounts due and unpaid and owed to Mortgagee under this Mortgage, the order and manner of application to the items in this clause FIRST to be in Mortgagee's sole discretion; and SECOND, the remainder, if any there shall be, shall be paid to Mortgagor, or to Mortgagor's heirs, devisees, representatives, successors or assigns, or such other persons (including the holder or beneficiary of any inferior lien) as may be entitled thereto by law; provided, however, that if Mortgagee is uncertain which person or persons are so entitled, Mortgagee may interplead such remainder in any court of competent jurisdiction, and the amount of any attorneys' fees, court costs and expenses incurred in such action shall be a part of the secured indebtedness and shall be reimbursable (without limitation) from such remainder.

Section 5.3. Mortgagee as Purchaser. Mortgagee shall have the right to become the purchaser at any public sale, and Mortgagee shall have the right to credit upon the amount of Mortgagee's successful bid, to the extent necessary to satisfy such bid, all or any part of the secured indebtedness in such manner and order as Mortgagee may elect.

Section 5.4. Remedies Cumulative. All rights and remedies provided for herein and in any other Loan Document are cumulative of each other and of any and all other rights and remedies existing at law or in equity, and Mortgagee shall, in addition to the rights and remedies provided herein or in any other Loan Document, be entitled to avail itself of all such other rights and remedies as may now or hereafter exist at law or in equity for the collection of the secured indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and interests evidenced hereby, and the resort to any right or remedy provided for hereunder or under any such other Loan Document or

provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate right or rights or remedy or remedies.

Section 5.5. Mortgagee's Discretion as to Security. Mortgagee may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to Mortgagee in its sole and uncontrolled discretion, and any such action shall not in any way be considered as a waiver of any of the rights, benefits, liens or interests evidenced by this Mortgage.

Section 5.6. Mortgagor's Waiver of Certain Rights. To the full extent Mortgagor may do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension or statutory right of redemption, and Mortgagor, for Mortgagor, Mortgagor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by applicable law, hereby waives and releases all rights of valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, notice of election to mature or declare due the whole of the secured indebtedness and all rights to a marshaling of assets of Mortgagor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created, or statutory right of redemption. Mortgagor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatever to defeat, reduce or affect the right of Mortgagee under the terms of this Mortgage to a sale of the Property for the collection of the secured indebtedness without any prior or different resort for collection, or the right of Mortgagee under the terms of this Mortgage to the payment of the secured indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatever. Mortgagor waives any right or remedy which Mortgagor may have or be able to assert pursuant to any provision of Illinois law, pertaining to the rights and remedies of sureties. If any law referred to in this Section and now in force, of which Mortgagor or Mortgagor's heirs, devisees, representatives, successors or assigns or any other persons claiming any interest in the Property might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section.

Section 5.7. Delivery of Possession After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, Mortgagor or Mortgagor's heirs, devisees, representatives or successors as owners of the Property are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of landlord, at a reasonable rental

per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. After such foreclosure, any Leases to tenants or subtenants that are subject to this Mortgage (either by their date, their express terms, or by agreement of the tenant or subtenant) shall, at the sole option of Mortgagee or any purchaser at such sale, either (i) continue in full force and effect, and the tenant(s) or subtenant(s) thereunder will, upon request, attorn to and acknowledge in writing to the purchaser or purchasers at such sale or sales as landlord thereunder, or (ii) upon notice to such effect from Mortgagee or any purchaser or purchasers, terminate within thirty (30) days from the date of sale. In the event the tenant

fails to surrender possession of the Property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the Property (such as an action for unlawful detainer) in any court having jurisdiction.

ARTICLE 6 - Miscellaneous

Section 6.1. Scope of Mortgage. This Mortgage is a mortgage of real property, a security agreement, an assignment of rents and leases, a financing statement and a collateral assignment of personal property, and also covers proceeds and fixtures.

Section 6.2. Effective as a Financing Statement. This Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records of each county where any part of the Property (including said fixtures) is situated. This Mortgage shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts, subject to Subsection (5) of Section 9-103 of the Uniform Commercial Code as adopted in the State of Illinois, as amended, and similar provisions (if any) of the Uniform Commercial Code as enacted in any other state where the Property is situated, resulting from the sale thereof at the wellhead or minehead of the wells or mines located on the Property and is to be filed for record in the real estate records of each county where any part of the Property is situated. This Mortgage shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office. The mailing address of Mortgagor and the Mortgagee are set forth in the preamble of this Mortgage and the address of Mortgagee from which information concerning the security interests hereunder may be obtained is the address of Mortgagee set forth at the end of this Mortgage. A carbon, photographic or other reproduction of this Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement for any of the purposes referred to in this Section.

Section 6.3. Notice to Account Debtors. In addition to the rights granted elsewhere in this Mortgage, Mortgagee may at any time notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness included in the Collateral to pay Mortgagee directly.

Section 6.4. Waiver by Mortgagee. Mortgagee may at any time and from time to time by a specific writing intended for the purpose: (a) waive compliance by Mortgagor with any covenant herein made by Mortgagor to the extent and in the manner specified in such writing; (b) consent to

Mortgagor's doing any act which hereunder Mortgagor is prohibited from doing, or to Mortgagor's failing to do any act which hereunder Mortgagor is required to do, to the extent and in the manner specified in such writing; (c) release any part of the Property or any interest therein from the lien and security interest of this Mortgage, or (d) release any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other Loan Document, without impairing or releasing the liability of any other party. No such act shall in any way affect the rights or powers of Mortgagee hereunder except to the extent specifically agreed to by Mortgagee in such writing.

Section 6.5. No Impairment of Security. The lien, interest and other security rights of Mortgagee hereunder or under any other Loan Document shall not be impaired by any indulgence, moratorium or release granted by Mortgagee including, but not limited to, any renewal, extension or modification which

Mortgagee may grant with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which Mortgagee may grant in respect of the Property, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any secured indebtedness. The taking of additional security by Mortgagee shall not release or impair the lien, interest or other security rights of Mortgagee hereunder or affect the liability of Mortgagor or of any endorser, guarantor or surety, or improve the right of any junior lienholder in the Property (without implying hereby Mortgagee's consent to any junior lien).

Section 6.6. Acts Not Constituting Waiver by Mortgagee. Mortgagee may waive any default or Event of Default without waiving any other prior or subsequent default. Mortgagee may remedy any default without waiving the default remedied. Neither failure by Mortgagee to exercise, nor delay by Mortgagee in exercising, nor discontinuance of the exercise of any right, power or remedy (including but not limited to the right to accelerate the maturity of the secured indebtedness or any part thereof) upon or after any default or Event of Default shall be construed as a waiver of such default or Event of Default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Mortgagee of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Mortgagor therefrom shall in any event be effective unless the same shall be in writing and signed by Mortgagee and then such waiver or consent shall be effective only in the specific instance, for the purpose for which given and to the extent therein specified. No notice to nor demand on Mortgagor in any case shall of itself entitle Mortgagor to any other or further notice or demand in similar or other circumstances. Remittances in payment of any part of the secured indebtedness other than in the required amount in immediately available U.S. funds shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Mortgagee in immediately available U. S. funds and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Mortgagee of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of a default hereunder.

Section 6.7. Mortgagor's Successors. If the ownership of the Property or any part thereof becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and to the indebtedness secured hereby in the same manner as with Mortgagor, without in any way vitiating or discharging Mortgagor's liability hereunder or for the payment of the indebtedness or performance of the obligations secured hereby. No transfer of the Property, no forbearance on the part of Mortgagee, and no extension of the time for the payment of the indebtedness secured hereby given by Mortgagee shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Mortgagor hereunder for the payment of the indebtedness or performance of the obligations secured hereby or the liability of any other person hereunder for the payment of the indebtedness secured hereby. Each Mortgagor agrees that it shall be bound by any modification of this Mortgage or any of the other Loan Documents made by Mortgagee and any subsequent owner of the Property, with or without notice to such Mortgagor, and no such modifications shall impair the obligations of such Mortgagor under this Mortgage or any other Loan Document. Nothing in this Section or elsewhere in this Mortgage shall be construed to imply Mortgagee's consent to any transfer of the Property.

Section 6.8. Place of Payment; Forum. All secured indebtedness which may be owing hereunder at any time by Mortgagor shall be payable at the place

designated in the Note (or if no such designation is made, at the address of Mortgagee indicated at the end of this Mortgage). Mortgagor hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the non-exclusive jurisdiction of any Illinois state court, or any United States federal court, sitting in the city or county in which the secured indebtedness is payable, and to the non-exclusive jurisdiction of any state or United States federal court sitting in the state in which any of the Property is located, over any suit, action or proceeding arising out of or relating to this Mortgage or the secured indebtedness. Mortgagor hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any Illinois state court, or any United States federal court, sitting in the city or county in which the secured indebtedness is payable may be made by certified or registered mail, return receipt requested, directed to Mortgagor at its address stated in this Mortgage, or at a subsequent address of Mortgagor of which Mortgagee received actual notice from Mortgagor in accordance with this Mortgage, and service so made shall be complete five (5) days after the same shall have been so mailed.

Section 6.9. Subrogation to Existing Liens; Vendor's Lien. To the extent that proceeds of the Note are used to pay indebtedness secured by any outstanding lien, interest, charge or prior encumbrance against the Property, such proceeds have been advanced by Mortgagee at Mortgagor's request, and Mortgagee shall be subrogated to any and all rights, interests and liens owned by any owner or holder of such outstanding liens, interests, charges or encumbrances, however remote, irrespective of whether said liens, security interests, charges or encumbrances are released, and all of the same are recognized as valid and subsisting and are renewed and continued and merged herein to secure the secured indebtedness, but the terms and provisions of this Mortgage shall govern and control the manner and terms of enforcement of the liens, security interests, charges and encumbrances to which Mortgagee is subrogated hereunder. It is expressly understood that, in consideration of the payment of such indebtedness by Mortgagee, Mortgagor hereby waives and releases all demands and causes of action for offsets and payments in connection with the said

indebtedness. If all or any portion of the proceeds of the loan evidenced by the Note or of any other secured indebtedness has been advanced for the purpose of paying the purchase price for all or a part of the Property, no vendor's lien is waived; and Mortgagee shall have, and is hereby granted, a vendor's lien on the Property as cumulative additional security for the secured indebtedness. Mortgagee may foreclose under this Mortgage or under the vendor's lien without waiving the other or may foreclose under both.

Section 6.10. Application of Payments to Certain Indebtedness. If any part of the secured indebtedness cannot be lawfully secured by this Mortgage or if any part of the Property cannot be lawfully subject to the lien and interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is not secured by this Mortgage.

Section 6.11. Nature of Loan: Compliance with Usury Laws. The loan evidenced by the Note is being made solely for the purpose of carrying on or acquiring a business or commercial enterprise. It is the intent of Mortgagor and Mortgagee and all other parties to the Loan Documents to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between Mortgagee and Mortgagor (or any other party liable with respect to any indebtedness under the Loan Documents) are hereby limited by the provisions of this Section which shall override and control all such agreements, whether now existing or hereafter arising. In no way, nor in any event or contingency (including but not limited to prepayment, default, demand for payment, or acceleration of the maturity of any obligation), shall the interest

taken, reserved, contracted for, charged, chargeable, or received under this Mortgage, the Note or any other Loan Document or otherwise, exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from
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any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, any such construction shall be subject to the provisions of this Section and such document shall ipso facto be automatically reformed and the interest payable shall be automatically reduced to the Maximum Amount, without the necessity of execution of any amendment or new document. If Mortgagee shall ever receive anything of value which is characterized as interest under applicable law and which would apart from this provision be in excess of the Maximum Amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the secured indebtedness in the inverse order of its maturity and not to the payment of interest, or refunded to Mortgagor or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal. The right to accelerate maturity of the Note or any other secured indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Mortgagee does not intend to charge or receive any unearned interest in the event of acceleration. All interest paid or agreed to be paid to Mortgagee shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the Maximum Amount. As used in this Section, the term "applicable law" shall mean the laws of the State of Illinois or the
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federal laws of the United States applicable to this transaction, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

Section 6.12. Cancellation of Mortgage. If all of the secured
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indebtedness be paid as the same becomes due and payable and all of the covenants, warranties, undertakings and agreements made in this Mortgage are kept and performed, and all obligations, if any, of Mortgagee for further advances have been terminated, then, and in that event only, all rights under this Mortgage shall terminate (except to the extent expressly provided herein with respect to indemnifications, representations and warranties and other rights which are to continue following the release hereof) and the Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby, and this Mortgage shall be cancelled by Mortgagee in due form at Mortgagor's cost. Without limitation, all provisions herein for indemnity of Mortgagee shall survive discharge of the secured indebtedness and any foreclosure, release or termination of this Mortgage.

Section 6.13. Notices. All notices, requests, consents, demands and other
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communications required or which any party desires to give hereunder or under any other Loan Document shall be in writing and, unless otherwise specifically provided in such other Loan Document, shall be deemed sufficiently given or furnished if delivered by personal delivery, by courier, or by registered or certified United States mail, postage prepaid, addressed to the party to whom directed at the addresses specified in this Mortgage (unless changed by similar notice in writing given by the particular party whose address is to be changed) or by telegram, telex, or facsimile. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of courier or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telex, when transmitted (answerback confirmed), or in the case of facsimile, upon receipt. Notwithstanding the foregoing, no notice of change of address shall be effective except upon receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

Section 6.14. Invalidity of Certain Provisions. A determination that any provision of this Mortgage is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Mortgage to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

Section 6.15. Gender; Titles; Construction; Control Over Other Documents. Within this Mortgage, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires. Titles appearing at the beginning of any subdivisions hereof are for convenience only, do not constitute any part of such subdivisions, and shall be disregarded in construing the language contained in such subdivisions. The use of the words "herein," "hereof," "hereunder" and other similar compounds of the word "here" shall refer to this entire Mortgage and not to any particular Article, Section, paragraph or provision. The term "person" and words importing persons as used in this Mortgage shall include firms, associations, partnerships (including limited partnerships), joint ventures, trusts, corporations, limited liability companies and other legal entities, including public or governmental bodies, agencies or instrumentalities, as well as natural persons. In the event of a conflict between the terms of this Mortgage and the terms of any of the other Loan Documents, the terms of this Mortgage shall control.

Section 6.16. Reporting Compliance. Mortgagor agrees to comply with any and all reporting requirements applicable to the transaction evidenced by the Note and secured by this Mortgage which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any governmental authority, including but not limited to The International Investment Survey Act of 1976, The Agricultural Foreign Investment Disclosure Act of 1978, The Foreign Investment in Real Property Tax Act of 1980 and the Tax Reform Act of 1984 and further agrees upon request of Mortgagee to furnish Mortgagee with evidence of such compliance.

Section 6.17. Mortgagee's Consent. Except where otherwise expressly provided herein, in any instance hereunder where the approval, consent or the exercise of judgment of Mortgagee is required or requested, (a) the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Mortgagee, and Mortgagee shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner, regardless of the reasonableness of either the request or Mortgagee's judgment, and (b) no approval or consent of Mortgagee shall be deemed to have been given except by a specific writing intended for the purpose and executed by an authorized representative of Mortgagee.

Section 6.18. Mortgagor. Unless the context clearly indicates otherwise, as used in this Mortgage, "Mortgagor" means the mortgagors named on the first page hereof or any of them. The obligations of Mortgagor hereunder shall be joint and several. If any Mortgagor, or any signatory who signs on behalf of any Mortgagor, is a corporation, partnership or other legal entity, Mortgagor and any such signatory, and the person or persons signing for it, represent and warrant to Mortgagee that this instrument is executed, acknowledged and delivered by Mortgagor's duly authorized representatives. If Mortgagor is an individual, no power of attorney granted by Mortgagor herein shall terminate on Mortgagor's disability.

Section 6.19. Execution; Recording. This Mortgage has been executed in several counterparts, all of which are identical, and all of which counterparts together shall constitute one and the same instrument. The date or dates reflected in the acknowledgments hereto indicate the date or dates of actual execution of this Mortgage, but such execution is as of the date shown on the first page hereof, and for purposes of identification and reference the date of this Mortgage shall be deemed to be the date reflected on the first page hereof. Mortgagor will cause this Mortgage and all amendments and supplements thereto and substitutions therefor and all financing statements and continuation statements relating thereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Mortgagee shall reasonably request and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges.

Section 6.20. Successors and Assigns. The terms, provisions, covenants and conditions hereof shall be binding upon Mortgagor, and the heirs, devisees, representatives, successors and assigns of Mortgagor, and shall inure to the benefit of Mortgagee and shall constitute covenants running with the Land. All references in this Mortgage to Mortgagor shall be deemed to include all such heirs, devisees, representatives, successors and assigns of Mortgagor.

Section 6.21. Modification or Termination. The Loan Documents may only be modified or terminated by a written instrument or instruments intended for that purpose and executed by the party against which enforcement of the modification or termination is asserted. Any alleged modification or termination which is not so documented shall not be effective as to any party.

Section 6.22. No Partnership, Etc.. The relationship between Mortgagee and Mortgagor is solely that of lender and borrower. Mortgagee has no fiduciary or other special relationship with Mortgagor. Nothing contained in the Loan Documents is intended to create any partnership, joint venture, association or special relationship between Mortgagor and Mortgagee or in any way make Mortgagee a co-principal with Mortgagor with reference to the Property. All agreed contractual duties between Mortgagee and Mortgagor are set forth herein and in the other Loan Documents and any additional implied covenants or duties are hereby disclaimed. Any inferences to the contrary of any of the foregoing are hereby expressly negated.

Section 6.23. Applicable Law. THIS MORTGAGE, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY ILLINOIS LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW.

Section 6.24. Execution Under Seal. Mortgagor agrees that this instrument is executed under seal. The designation ("SEAL") on this instrument shall be as effective as the affixing of the applicable corporate seal physically to this instrument.

Section 6.25. Entire Agreement. The Loan Documents constitute the entire understanding and agreement between Mortgagor and Mortgagee with respect to the transactions arising in connection with the indebtedness secured hereby and supersede all prior written or oral understandings and agreements between Mortgagor and Mortgagee with respect to the matters addressed in the Loan Documents. Mortgagor hereby acknowledges that, except as incorporated in writing in the Loan Documents, there are not, and were not, and no persons are or were authorized by Mortgagee to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the

matters addressed in the Loan Documents.

THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, Mortgagor has executed this instrument under seal as of the date first written on page 1 hereof.

MORTGAGOR:

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
Name: Leo F. Wells, III
Title: President

(CORPORATE SEAL)

The address and federal tax
identification number of Mortgagor are:

6200 The Corners Parkway, Suite 250
Norcross, Georgia 30092

Federal Tax No. 58-2368838

STATE OF GEORGIA
COUNTY OF GWINNETT

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY Leo F. Wells, III of WELLS REAL ESTATE INVESTMENT TRUST, INC., a Maryland corporation, which is the General Partner of Wells Operating Partnership, L.P., a Delaware limited partnership ("Mortgagor") and who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that (s)he signed, sealed and delivered the said instrument on behalf of Mortgagor, with full authority to do so, as the free and voluntary act of Mortgagor, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and official seal, this 18/th/ day of February, 2000.

/s/ Judith Ann Miller

Notary Public
[SEAL] My commission expires: 4-21-2003

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

Lot 3 in CHANCELLORY BUSINESS PARK RESUBDIVISION NO. 4, being a resubdivision in Section 4, Township 40 North, Range 11 East of the Third Principal Meridian, according to the Plat thereof recorded August 23, 1990 as Document Number R90-109454, in DuPage County, Illinois.

PARCEL 2:

Non-Exclusive Easement for Ingress and Egress over the northerly 15 feet of Lot 2 in CHANCELLORY BUSINESS PARK RESUBDIVISION NO. 5, being a resubdivision in Section 4, Township 40 North, Range 11 East of the Third Principal Meridian, according to the Plat thereof recorded July 21, 1991 as Document Number R91-091695, in DuPage County, Illinois.

PARCEL 3:

Non-Exclusive Easement for Underground Storm Sewers over portions of Lot 2 in CHANCELLORY BUSINESS PARK RESUBDIVISION NO. 5, being a resubdivision in Section 4, Township 40 North, Range 11 East of the Third Principal Meridian, according to the Plat thereof recorded July 21, 1991 as Document Number 91-091695, in DuPage County, Illinois, created by Easement Agreement dated December 17, 1991 and recorded December 20, 1991 as Document Number R91-171523.

EXHIBIT "B"

Encumbrances

1. General taxes for the year 1999 and subsequent years, which constitute a lien, but which are not yet due and payable.

2. Declaration of Easements, Restrictions and Covenants made April 27, 1984 by LaSalle National Bank, as Trustee under a Trust Agreement dated July 20, 1979 and known as Trust Number 101444, recorded July 30, 1984 as Document R84-59903, as amended from time to time, and the terms and provisions thereof.

3. Plat of Chancellory Business Park Resubdivision No. 4, recorded August 23, 1990 as Document Number R90-109454, discloses the following:

   (a) Easement for public utilities over the easterly 25 feet of Parcel 1;

   (b) Easement for ingress and egress over the south 15 feet and 15 feet along the most west easterly line of Parcel 1; and

   (c) 35 feet building line along the easterly line of the land.

4. Terms, conditions and provisions of the document creating the easements described in Exhibit "A", together with the rights of the adjoining owners in and to the concurrent use of said easement.

5. Water main as per plans as delineated on survey by Jacob & Hefner Associates, P.C., dated August 14, 1998, Order No. B640, and revised June 2, 1999.

6. Illinois Department of Transportation Floodway Limits as shown on the plat of Chancellory Business Park Resubdivision No. 5, recorded as Document Number R91-91695 (affects underlying portions of Parcel 3 as delineated on said plat).

EXHIBIT 23.2

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
March 15, 2000

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 July 30, 1999, by the following persons and in the capacities indicated below.

Signatures	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 (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